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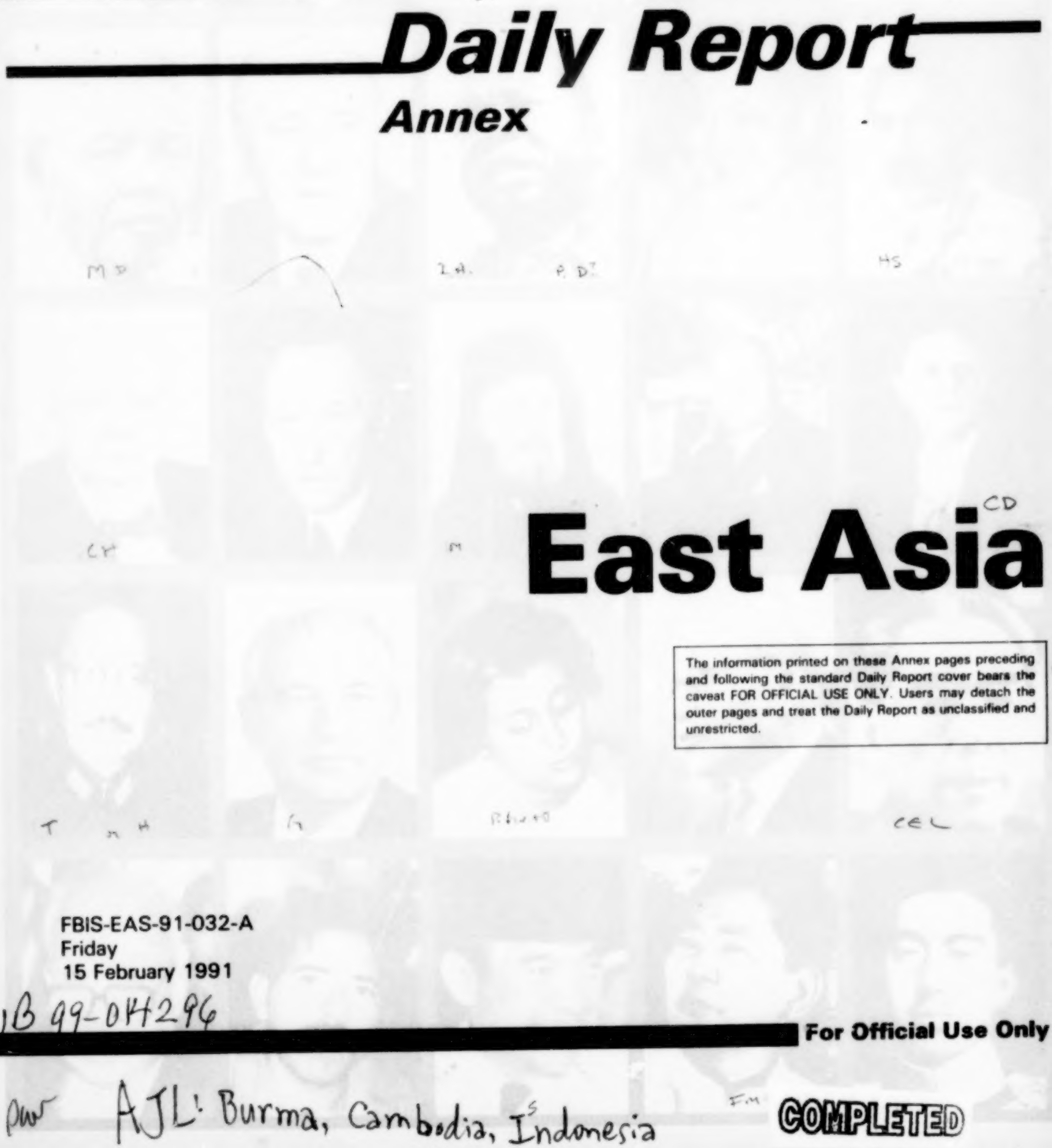

East Asia

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15 February 1991

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East Asia
ANNEX

FBIS-EAS-91-032-A CONTENTS *15 February 1991*

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

ANNEX

Japan

* LDP Enacting New Rules To Elect President *[TOKYO SHIMBUN 6 Jan]* .... 1—iii
* Discord Revealed Between Hashimoto, Kato *[SANDE MAINICHI 10 Feb]* .... 1—iii
Rice Market Talks Fail To Reach Accord *[THE DAILY YOMIURI 2 Feb]* .... 3—v
Support for Rice Imports Grows Among Officials *[THE JAPAN ECONOMIC JOURNAL 16 Feb]* .... 4—vi
'Sources' on New Strategy To Maintain Rice Ban *[THE JAPAN TIMES 9 Feb]* .... 5—vii
CUAC Not To Vote for LDP if Rice Liberalized *[JPS]* .... 5—vii
Former Minister Says 'Rice Import Ban Difficult' *[ASAHI EVENING NEWS 31 Jan]* .... 5—vii
Paper Views Issue of Opening Rice Market *[THE JAPAN ECONOMIC JOURNAL 26 Jan]* .... 6—viii
EC Envoy Urges Opening of Japanese Market *[THE JAPAN TIMES 22 Dec]* .... 7—ix
Economic Journal Views U.S. Discount Rate Cut *[THE JAPAN ECONOMIC JOURNAL 5 Jan]* .... 8—x
Paper Views U.S. Financial System Overhaul *[MAINICHI DAILY NEWS 13 Feb]* .... 8—x
U.S. Firm Requests Funds for Satellite Project *[NIHON KEIZAI SHIMBUN 3 Feb]* .... 9—xi
Government Hesitant To Fund U.S. SSC Project *[ASAHI EVENING NEWS 15 Jan]* .... 10—xii
Government Sets Conditions for U.S. Chip Talks *[THE JAPAN ECONOMIC JOURNAL 16 Feb]* .... 10—xii
Friction With U.S. on Semiconductors To Ease *[MAINICHI SHIMBUN 5 Feb]* .... 10—xii
Editorial: No Renewal of U.S. Semiconductor Pact *[NIHON KEIZAI SHIMBUN 5 Feb]* .... 11—xiii
Paper Views Semiconductor Trade With U.S. *[THE JAPAN TIMES 15 Jan]* .... 12—xiv
4 Firms To Unveil 64M DRAM Chips in U.S. *[JIJI]* .... 12—xiv
GAO Officials To Probe High-Tech Parts Supply *[JIJI]* .... 13—xv
International Talks on Antimonopoly Law Urged *[NIHON KEIZAI SHIMBUN 24 Dec]* .... 13—xv
Stronger Role in Free Trade Preservation Urged *[MAINICHI DAILY NEWS 9 Jan]* .... 14—xvi
Survey on Economic Internationalization Cited *[ASAHI EVENING NEWS 21 Jan]* .... 14—xvi
Keidanren Urges Purchases of Overseas Materials *[JIJI]* .... 15—59
Banks To Provide $50 Million Loan to CITIC *[NIHON KEIZAI SHIMBUN 28 Jan]* .... 15—59
ROK Businesses Eager To Acquire Technology *[THE JAPAN ECONOMIC JOURNAL 2 Feb]* .... 16—60
Fujitsu Plans Communications Network in E. Europe *[THE DAILY YOMIURI 24 Jan]* .... 16—60
Officials To Attend Geneva Farm Trade Talks *[JIJI]* .... 17—61
Panel To Review Foreign Holdings in NTT, KDD *[JIJI]* .... 17—61
Bank of Japan Signals Easing of Credit *[THE JAPAN ECONOMIC JOURNAL 16 Feb]* .... 17—61
BOJ Governor on Economic Outlook, Money Policy *[YOMIURI SHIMBUN 12 Jan]* .... 18—62
MITI To Ease Rules on Government Patents *[THE JAPAN TIMES 3 Feb]* .... 19—63
Current Account Surplus Decreasing 'Rapidly' *[THE DAILY YOMIURI 10 Feb]* .... 19—63
Satellite Company Fails To Restore 'Superbird A' *[ASAHI EVENING NEWS 24 Jan]* .... 20—64
Matsushita To Boost Investment in Semiconductors *[THE JAPAN ECONOMIC JOURNAL 9 Feb]* .... 20—64
Toshiba Announces Advance in Chip Manufacturing *[THE DAILY YOMIURI 23 Jan]* .... 20—64
NTT Names Toshiba to ATM Development Team *[THE JAPAN ECONOMIC JOURNAL 16 Feb]* .... 21—65
NEC Reports Development of Laser LSI Circuit *[NIHON KEIZAI SHIMBUN 7 Jan]* .... 22—66
Toyota Opts for Low, Stable Dividends *[NIHON KEIZAI SHIMBUN 12 Jan]* .... 22—66
JFY 1991 Public Works Budgets Proposed *[SHUKAN DAIYAMONDO 1 Dec]* .... 23—67
Audio-Visual Software Strategy Revealed *[NIHON KEIZAI SHIMBUN 9 Jan]* .... 25—69
* Postal Savings Bank Plans Strategies for 1990's *[KINYU ZAISEI JIJO 12 Dec]* .... 26—70

Mongolia

Number of Soviet Specialists Decreasing *[MONTSAME to BAKHTAR]* .... 29 — 73
Italian Ambassador on 'Intensifying' Cooperation *[MONTSAME to BAKHTAR]* .... 29 — 73
Countries To Help Modernize Laboratories *[MONTSAME to BAKHTAR]* .... 29 — 73
MONTSAME Reviews 14 Feb Press *[MONTSAME to BAKHTAR]* .... 30 — 74

II

Japan

* LDP Enacting New Rules To Elect President

WA1202043091—FOR OFFICIAL USE ONLY

[Editorial Report] A 6 January 1991 TOKYO SHIMBUN article, on page 2, describes the new rules enacted by the Liberal Democratic Party [LDP] for electing its party president. The new provisions, ratified in September 1989, will go into effect during the October 1991 LDP elections. Since the LDP has a majority in the Diet, the person elected LDP president is subsequently elected Japan's prime minister.

The key feature of the new system created by the rule changes is a requirement mandating nationwide party elections at the prefectural level if more than one candidate is nominated for the party presidency. In the past, the involvement of the party's rank and file was limited to voting in a nonbinding primary election. LDP dietmen then elected the party president from the leading vote getters in the primary, if there were more than one candidate.

Under another rule change, the number of supporters required to establish a person's candidacy has been lowered to 30 dietmen, instead of 50 under the old rules. This will make it easier for LDP factions or party groupings to put forward candidates, and "almost certainly" guarantees that more than one candidate will stand for election.

The prefectural elections will account for 106 votes, one-fifth of the total 501 votes in the election (395 LDP dietmen's votes plus the 106). There will be from one to four of these "carried votes" per prefecture, depending on local party strength. The 106 votes, the paper notes, are more than sufficient to swing the election to any one candidate, particularly since a simple majority of 251 votes is required for election.

The new system will work this way: A candidacy is established upon recommendation of 30 or more LDP Diet members. If only one candidate is nominated, his name goes directly to the LDP General Assembly for confirmation. If there are two or more candidates, an election is held in all prefectures throughout Japan in which party members and "friends" who have paid dues for three consecutive years are eligible to participate. Votes are tallied in each prefecture, and the candidate with the most votes wins all the prefecture's "carried votes." These votes are added to the ballots cast for individual candidates by LDP Diet members (one vote per member). The candidate winning the majority of votes is referred to the General Assembly for confirmation. If no candidate wins a majority, LDP Diet members vote again for one of the two top candidates.

According to TOKYO SHIMBUN, the new system will force candidates standing for the LDP presidency to pay greater attention to the wishes of the party's rank and file, and will make the selection process more democratic and less susceptible to control by any one large faction.

* Discord Revealed Between Hashimoto, Kato

WA13020928 Tokyo SANDE MAINICHI in Japanese 10 Feb 91 pp 43-45—FOR OFFICIAL USE ONLY

[Article by Muneichi Suzuki: "Discord Between Ryutaro Hashimoto and Mutsuki Kato Over '$9 Billion Gulf Aid'"]

[Excerpts] The Japanese Government decided to provide an additional $9 billion to support the allies in the Gulf war, which will cost the Japanese people more than 10,000 yen per person. On this matter, Finance Minister Ryutaro Hashimoto has maintained his leadership throughout. However, Liberal Democratic Party's (LDP) Policy Research Council Chairman Mutsuki Kato has had different ideas. Thus, their discord caused the cancellation of the scheduled press conference, in which the prime minister was to address the world. The Komeito is now placed in a position of "shouldering Japan's destiny." When the upper house deliberates, the Komeito will have to decide whether or not to issue special bonds and to increase taxes to pay for the additional Gulf aid.

The drama involving the additional $9 billion in aid unfolded in the 22 January evening news by JIJI press from New York. The news reported: "According to a person accompanying the finance minister, Japan is expected to pay an additional $9 billion (about 1.2 trillion yen) to support the allies in the Gulf war."

Finance Minister Ryutaro Hashimoto was attending the Group of Seven (G-7) conference held in New York. On the afternoon of 20 January (21 January, Japanese time), he talked with Treasuary Secretary Brady about additional funding to aid the Gulf war efforts.

After confirming the JIJI news with government officials, the media on the morning of 23 January reported "additional funding settled at $9 billion."

Seeing this, a Foreign Ministry high official said disappointingly: "Perhaps Secretary Brady pressed Hashimoto to decide the amount on the spot, and the news was leaked by an accompanying finance officer, such as Makoto Utsumi. Hashimoto may think it is up to him to decide, but he is not in the position to do so. The government should first figure out the amount and then ask the prime minister to make a decision." He added: "It was not good that Hashimoto was summoned by Brady to pledge our contribution. Instead, we should have asked Brady to come to Japan for our decision. I hope we will not repeat the mistake we made when we announced our contribution last August."

In his remarks, one can detect his resistance against Hashimoto for taking over the authority of the foreign minister. At the same time, his remarks reflected his concern over domestic politics, especially over opposition to Hashimoto by his rivals, including Secretary General Ichiro Ozawa and Policy Research Council Chairman Mutsuki Kato.

In fact, one week earlier, there was a sharp exchange between Foreign Minister Nakayama and Finance Minister Hashimoto regarding additional Gulf aid.

Prior to the allied attacks on Iraq, on 17 January, the foreign minister visited the United States and talked with Secretary of State Baker. Secretary Baker did not give a figure, but said: "Please show your initiative. Our people will be encouraged by your voluntary contribution."

However, Secretary Baker's staff suggested that "$4 to $5 billion was desired." Foreign Minister Nakayama, after returning to Japan, kept this information from the finance minister for two days. Later, Nakayama said to Hashimoto: "By the way, here is confidential information. Please act accordingly."

Hashimoto flew into a rage: "Why did you keep this to yourself? You could have told me this at earlier cabinet meetings. Besides, this was calculated done before the war broke out. We cannot get away with such a small amount now."

After this the foreign minister left for the Soviet Union to arrange for President Gorbachev's 16 April visit to Japan and was unable to attend the 23 January meeting with government's top executives to discuss the $9 billion in additional aid. Nakayama's absence reflected the Abe faction's long-held desire to "solve the Japan-Soviet problems." However, the timing of the trip was not good. His absence during this period of internal turmoil resulted in much criticism directed toward him.

Both Say "I Did Not Hear About It"

When Policy Research Chairman Kato saw the 23 January headline, he protested: "What is this? I know nothing about settling on $9 billion. Did Hashimoto decide this on his own? I thought we were supposed to decide on this matter when he returned."

Then Kato lodged a protest with Prime Minister Kaifu against Hashimoto and said: "In addition to $9 billion, you as a prime minister should announce $1 billion in aid to war-affected neighboring countries, making Japan's additional contribution total $10 billion."

Kato wanted to prevent Hashimoto from acting on his own, as well as to change the figure printed on the papers. Thus rivalry was revealed between the two politicians.

Prime Minister Kaifu, eager to regain his leadership, said: "The figure of $10 billion sounds attractive. We can impress the world with this contribution."

Arrangements were made to hold meetings with top government executives and Security Council members, as soon as the finance minister arrived at the Narita airport that evening; the prime minister would hold a press conference to announce decisions reached at the meetings; and then the prime minister would telephone President Bush of the results.

The scheduling was done while the finance minister was aboard the plane returning to Japan. When he found out at the airport what was going on, he became enraged: "What about this decision of $10 billion while I was gone?"

Hashimoto told a reporter: "I am scared silly rather than angry. In the communique of the G-7 conference, we did not discuss the countries which have been affected by the war, because additional aid at this time may increase confusion in these countries. We agreed, for the time being, to watch the situation. How can Japan make decisions without information needed to judge the situation?" Moreover, he added: "Someone seems eager to gain credit."

At 6:50 PM the finance minister arrived at Prime Minister Kaifu's official residence and met with him. For 30 minutes the finance minister protested, saying: "I will not make decisions today" at the executive meeting to be held immediately following this meeting.

The prime minister agreed; thus, the prearranged schedule fell apart.

At 7:30 PM, the LDP's top four executives, including Secretary General Ozawa, Policy Research Council Chairman Kato, MITI [Ministry of International Trade and Industry] Minister Nakao, and Chief Cabinet Secretary Sakamoto met and discussed this matter. Again, discord was seen among the six top executives. Concerning the amount of contribution reported in the newspapers, the finance minister explained: "I did not mention the figure and I do not intend to reveal it now." But the policy research council chairman demanded: "Why was it in the newspapers then?"

Secretary General Ozawa told those around him that "decisions should be made immediately." However, because of discord among the six top executives, and the prime minister's resignation that a decision should be reached that evening, Ozawa concluded: "We have to deal with the Komeito as well. Let us put off our decisions for now."

And so, the prime minister's scheduled press conference, in which he was to address the world announcing a huge contribution, as well as his telephone call to President Bush, were put on hold. He later called President Bush on 24 January, but the press conference was canceled.

For the scheduled press conference, the Foreign Ministry had contacted major foreign networks informing them that "there will be an important announcement. Please come to the prime minister's residence." The media was represented by ABC, CBS, NBC and others. However, CNN, which has been well received for its war coverage and wanted to be included "to air the news," was turned down by the Cabinet Public Relations Office, saying: "We cannot accept a sudden request. You need to be recommended by two existing members." This revealed poor handling of public relations by the Japanese people [bureaucrats].

Thus, even though the government decided to contribute a huge sum of money, it repeated the same mistake made last year by not handling public relations correctly. [passage omitted]

Moreover, a senior Finance Ministry official showing concern, said: "We are not sure if 10 billion dollars will take care of things. We fear the United States may expect more later."

"The Komeito Will Decide Japan's Destiny"

Regarding the much publicized dispatching of the Air Self-Defense Force's (SDF) mission to evacuate refugees, the government on 24 January decided to apply article 100-5 of the SDF law and to amend the ordinance.

Motoo Shina, former dietman, who is familiar with war strategy, laughed and said: "If the government ordinance is the answer, why didn't the government decide to use it earlier last year? This way, the Diet's involvement would not have been necessary and the government could have done without the UN Peace Cooperation Bill and could have saved itself from the embarrassing results."

He is correct in making the above remarks. The government, as well as the LDP, has been inconsistent in its handling of the political situation.

The next focal point will concentrate on whether or not the Diet will pass bills to issue special bonds and to increase taxes on products such as oil related items, liquor, and tobacco so as to fund the $9 billion. The Komeito holds the key position in this matter, and one of its members said to a senior official of the Finance Ministry: "What the Komeito decides in the next two to three months will determine Japan's future for the next 10 years."

The Komeito's support group—Sokagakkai, especially its women's league—strongly opposes the Gulf war. Some members may side with the Socialists during the upcoming unified local elections.

Komeito Chairman Koshiro Ishida, Secretary General Yuichi Ichikawa, and Policy Board Chairman Nobuaki Futami all agree that when "viewing Japan's present situation, a contribution of $9 billion is inevitable." However, during an all-member meeting held on 23-24 January, a party decision was not reached because of the opposition within the party.

Some government bureaucrats seriously questioned: "In order to save Komeito's face, can we tell President Bush that 'our contribution of $9 billion is to be used to pay for fuel and transportation'?" Japan becomes shaky and almost nonresistant to the United States's pressure every time the United States says: "Since you are not doing anything else, at least contribute money." No matter how one looks at it, the air in Japan is not clear.

Rice Market Talks Fail To Reach Accord

OW0302094791 Tokyo THE DAILY YOMIURI in English 2 Feb 91 p 3—FOR OFFICIAL USE ONLY

[By Akinori Uchida, DAILY YOMIURI staff writer]

[Text] At talks in Tokyo last week, U.S. negotiators called Japanese agricultural trade proposals "insufficient"—a charge that Japanese officials refuted, saying the U.S. demands were unrealistic.

Without going into specifics, both sides did, as usual, express wishes for a successful conclusion to the stalled Uruguay Round of multinational trade talks. But that was about the only thing the two sides agreed on. U.S. officials said that while the European Community's inflexibility over farm issues was primarily responsible for the breakdown of the General Agreement on Tariffs and Trade [GATT] talks in December, they also laid a great deal of blame at Japan's doorstep.

"Japan fully recognizes what it should do. It's a problem of deciding whether or not to do it," a U.S. negotiator was quoted by a Foreign Ministry official as saying during the two-day meeting in Tokyo. The official, who spoke on condition of anonymity, said that while U.S. officials did not necessarily use the word "rice," reference to "agriculture" by U.S. negotiators have often meant rice during Japan-U.S. trade negotiations. He said that Japanese negotiators contended that Japan's GATT initiatives are "realistic" and that it is the United States that is being unrealistic by adhering to a principle that an "insufficient" agreement is worse than no agreement at all.

At a press conference after last week's talks, Richard McCormack, U.S. undersecretary of state for economic issues, said, "Japan has a greater interest in the success of the GATT round than any other nation. Because of their powerful interest ... they will not allow one single issue to prevent a successful conclusion to these negotiations," the "single issue" being a reference to rice.

Michael Farren, U.S. undersecretary for commerce and international trade, said that in order to have developing nations participate in negotiations on such new areas as service, intellectual property rights and investment, industrialized nations "need the very strong offer of an agricultural package." However, Koji Watanabe, deputy vice foreign minister, said that neither Japan's "food security" argument nor efforts to liberalize its market for several farm products since the Uruguay Round began in 1986 had been given due credit.

V

The perception gap between the two sides—Tokyo promoting what it has done vs. Washington stressing what has not been done—has been a recurring theme in bilateral talks and surfaced again at the press conference.

Watanabe cited as a "success story" 1991 Japanese trade statistics showing a 16 percent decline in the nation's trade surplus with the United States. However, McCormack and Farren sharply criticized the figure as being "on the surface" and reiterated that Japan should do more to achieve a fundamental reduction in the surplus.

"The fact is ... the primary factor in the reduction of Japanese exports to the United States is the recession the U.S. is going through right now. Should we start into another growth phase later this year ... you'll start to see those export numbers begin to change again in a negative way," McCormack said.

For many politicians supporting Japanese self-sufficiency in rice, the worst-case scenario would be a total collapse of the GATT process, leading to bilateral negotiations with the United States. It is feared that in a one-on-one confrontation, Washington would be able to exact much greater concessions than in a multinational setting as proved to be the case with beef and oranges.

Although the countries remain at odds on the issue, working-level GATT negotiations resumed in Geneva on Jan. 15, and a compromise to break the impasse could come in February.

A breakthrough is anticipated because of a U.S. congressional deadline on March 1 for resolution of the GATT talks. Congress has traditionally taken a much harder line on trade than the executive branch, and it is believed that fear of congressional sanctions will prod previously intransigent nations into action.

Support for Rice Imports Grows Among Officials

OW1302081291 Tokyo THE JAPAN ECONOMIC JOURNAL in English 16 Feb 91 p 1—FOR OFFICIAL USE ONLY

[By Shigeru Wada, staff writer]

[Text] One of Japan's most sensitive issues—whether to import rice—is moving rapidly toward resolution.

An increasing number of ruling Liberal Democratic Party and government officials appear to agree that Japan must open its market to long-banned foreign rice.

According to sources, who declined to be identified, Tokyo is poised to approve a "minimum access" system that would allow import of between 3% and 5% of annual domestic rice consumption—some 300,000-500,000 tons a year. The sources added that the government is unwilling to allow further liberalization and that its protection of the nation's 3 million rice-farming households will continue.

Political leaders and high-level bureaucrats acknowledged that acceptance of rice imports is necessary to show good faith at the stalled Uruguay Round of the General Agreement on Tariffs and Trade [GATT], an attempt to liberalize world trade in 15 sectors. "If we make progress in the agricultural talks, we can wrap up the other 14 packages, mostly industry sectors, in a week," said an official at the Ministry of International Trade and Industry.

Even so, the import of even a single grain of unprocessed rice is likely to be fiercely opposed by Japan's politically powerful agricultural sector. That could cause fallout for the Liberal Democratic Party [LDP] in some 2,500 local elections in April.

The Japanese plan, the sources said, would likely fall in line with a "minimum access" scheme designed by Swedish Agriculture Minister Mats Hellstrom, chairman of the GATT agriculture subgroup. He has proposed that at leat 5% of annual consumption of each nations' farm products be open for imports without conditions. GATT negotiations stalled last December but are likely to resume later this month. Meanwhile, the European Community is also likely to agree to reform its Common Agricultural Policy, a costly farm supports program.

In 1989, Japanese people bought 10.5 million tons of rice, mostly grain rice. Japan also imported 15,952 tons of either processed rice or rice for processing. More than 90% of the imports came from Thailand.

Japan last imported grain rice in 1984 when, because of crop failure, it was forced to bring in 150,000 tons for processing from South Korea. Rice producer prices are 6.5 times more in Japan than the U.S. while rice costs Japanese consumers an average of 2.4 times more than U.S. consumers.

According to a high-ranking official at the Ministry of Agriculture, Forestry and Fisheries, it would be impossible for Japan to protect rice completely during GATT negotiations. Michael Armacost, U.S. ambassador to Japan, said Feb. 6 that the rice issue is a must for the Uruguay Round's success.

The U.S. Government has saids it needs promises of substantial progress by March 1. Otherwise, the U.S. Congress will likely reject approving an additional months of GATT negotiations under the so- called fast-track procedure, officials have said. Sources said that to placate farmers, the LDP will need to adjust production plans and to extend income support. They added that the Japanese government's strategy is to keep imports at the lowest level possible, at least during the Uruguay Round. Japan will continue to claim that protection of rice is necessary to guarantee "food security."

"If the U.S. insists on gradual liberalization to 100%, it will be difficult to win domestic support," said the LDP official. At present, it's uncertain when Japan will announce its decision to allow rice imports.

VI

"If the EC's possible compromise persuades the U.S. Congress to prolong GATT negotiations, Japan may not have to pledge to open rice during February," said one government official.

Others said they are irritatted at the government's wait-and-see stance. "It seems Japan still cannot decide by itself," saids one Japanese negotiator. "We are a player as major as the U.S. and the EC. Why don't we make our own decisions?"

'Sources' on New Strategy To Maintain Rice Ban

OW1002012691 Tokyo THE JAPAN TIMES in English 9 Feb 91 p 3—FOR OFFICIAL USE ONLY

[Text] Japan will adopt a new strategy to maintain its ban on rice imports, realizing that its claim of food security is not effective in keeping the market closed, according to government sources.

Instead of using its repeated argument of food security, the government will call for a review of a provision of the General Agreement on Tariffs and Trade [GATT], which allows import curbs in special cases. The new strategy will be taken up at the next session of the Uruguay Round of global trade talks, the sources said.

The four-year talks were to end in December, but they adjourned after participants, particularly the United States and the European Community, failed to iron out differences over farm trade reform, the thorniest of the 15 areas under the negotiations.

The government's shift in strategy is based on its perception that the argument seems meaningless amid a growing view that it is useless to resist the "minimum access" proposal made in December. The proposal is expected to be included in a new "platform" or common basis for resuming the farm talks.

The proposal, put forward by the Swedish Agriculture Minister Mats Hellstrom, chairman of the GATT's farm negotiating group, calls for at least 5 percent imports of all farm products. It is widely seen as all but certain that Arthur Dunkel, director general of the world trade watchdog, will repeat the proposal in the platform he is expected to release later this month.

Aware of the changing atmosphere, the government will press for rice to be placed under the specific GATT rule—GATT Article XI (II) (c)—which allows import restrictions on some farm products that are in excessive supply. Japan has so far applied the rule to imports of dairy products and starch.

CUAC Not To Vote for LDP if Rice Liberalized

OW1402094991 Tokyo JPS in English 0916 GMT 14 Feb 91—FOR OFFICIAL USE ONLY

[Text] Tokyo Feb 14 (JPS)—The Central Union of Agricultural Cooperatives [CUAC] decided on February 13 not to vote for the Liberal Democratic Party [LDP] in the event of a government decision to liberalize rice imports. A resolution on this was unanimously adopted by its national meeting in Tokyo.

The proposal for no cooperation with the LDP and no votes for its candidates in the event of a government decision to liberalize rice imports was proposed in anger at the statement on February 12 of the Agricultural Minister Motoji Kondo that rice cannot be treated as the only exception in world trade. The 1,200 people present from agricultural cooperatives felt that the minister's statement was a serious betrayal of farmers who had cooperated with the LDP policy of reducing the acreage for rice planting.

Former Minister Says 'Rice Import Ban Difficult'

OW0102120491 Tokyo ASAHI EVENING NEWS in English 31 Jan 91 p 1—FOR OFFICIAL USE ONLY

[By Yayoi Uchiyama and Paul Nolasco: "Hata: Rice Import Ban Difficult"]

[Text] Tsutomu Hata, former minister of agriculture, forestry and fisheries, said Wednesday it is difficult to expect special treatment for Japan's rice in the farm trade negotiations in the Uruguay Round talks. Hata made the remark at a symposium in Tokyo "On Opening the Japanese Rice Market."

Noting that many countries have their own problems in trading agricultural commodities—the United State's peanuts, the European Community's skim milk, Japan's rice—Hata suggested "some universal rule" be set up to deal with these products. He did not elaborate.

On the first day of the symposium, most of the Japanese panelists came out against rice import liberalization, while those from abroad pressed Japan to open up. "Liberalization would devastate Japanese rice farming," said Chairman Iwao Yamaguchi of the Cooperative Research Institute. This, he said, would ruin rice paddies and destroy the environment.

Writer Hisashi Inoue also stressed that self-sufficiency in rice be maintained. He said the principle of free competition should not be applied to farming, which is subject to conditions of nature.

Strong criticism on Japan came from American agricultural journalist Morton Sosland, who said Japan is "doing nothing to make an agreement possible" in the Uruguay Round farm talks. "Japan, in our perception, is hiding behind the skirts of the European Community," he said.

Ammar Siamwalla, president of the Thailand Development Research Institute, criticized developed countries for making agriculture an exception to trade rules. "Exceptions mean lawlessness," he said.

The two-day symposium, sponsored by the ASAHI SHIMBUN and the ASAHI EVENING NEWS, was to wind up Thursday after discussions on environmental concerns and the future of Japanese agriculture.

Paper Views Issue of Opening Rice Market

OW2301122591 Tokyo THE JAPAN ECONOMIC JOURNAL in English 26 Jan 91 p 5—FOR OFFICIAL USE ONLY

[Text] U.S. President George Bush urged Japan to cooperate to solve agricultural issues in the Uruguay Round of the General Agreement on Tariffs and Trade [GATT]. He also pressed Japan to compromise in opening its rice market to imports.

Bush told Japanese Foreign Minister Taro Nakayama in a conference on Jan. 14 that the multilateral trade talks of GATT should not fail, and all issues, including farm issues, need to be solved with a concession by each participant.

Japan managed to dodge U.S. pressure in 1990 to open its rice market to imports, largely because Washington was absobred in a dispute with the European Community over agricultural liberalization. Today, the betting Tokyo is that the country won't be nearly as lucky in 1991.

The new year seems likely to be a time of reckoning for Japan as it faces the urgency to do its part to preserve the multilateral trading system. "The time is ripe for change," said one Japanese negotiator at the Uruguay Round of the GATT, whose four years of free-trade negotiations are hanging on the balance of agricultural liberalization talks. "Things may move quickly if the opportunity arises." He was referring to what many observers here say is the tacit approval within the Japanese Government for at least a partial liberalization of the country's tightly controlled rice market. The issue is an emotionally charged one in Japan, where rice farmers believe their livelihoods are at stake.

Officially, of course, the Ministry of Agriculture, Forestry and Fisheries and the Ministry of Foreign Affairs stoutly maintain that nothing has changed regarding rice. International Trade and Industry Minister Eiichi Nakao has declared that even partial deregulation is impossible. But many younger officials within the government insist that the end of May will bring a decisive shift in policy. That thesis is grounded in recent EC moves toward making concessions to the U.S.

The issue of Japan's rice market was hardly discussed at the EC cabinet meeting in Brussels in December, a meeting that ended in failure in a dispute with the U.S. over the issue of reducing agricultural subsidies. The U.S. demanded that the Europeans produce unambiguous reduction targets for agricultural export subsidies. But the EC indicated it would only be willing to place upper limits on such subsidies, saying that specific reduction targets would require a major revamping of EC agricultural policy.

In the end, with this dispute dominating the negotiations, the question of Japan's rice market never even arose. But at the end of the year, it was reported that the EC committee chairman for agriculture had put together a proposal amounting to a substantial concession to the U.S. The plan is said to call for a thorough revision of the EC's Common Agricultural Policy which is based on import surcharges and export subsidies, by reducing price supports and strengthening a system of supplemental income support for farm families. The committee discussed the plan on Jan. 4. Big agricultural nations such as France are no doubt displeased by the plan, but a Japan Foreign Ministry source noted that its adoption by the EC could lay the basis for some sort of compromise with the U.S.

The U.S. 1988 Omnibus Trade Act requires the administration to report agreements reached at the Uruguay Round to Congress by March 1, but final approval of an un-amended plan is set for June 1.

Many Japanese Government sources believe that although it will be difficult for the EC and U.S. to reach an agreement in less than two months before the March 1 deadline, such an agreement is quite possible by June 1.

Forcing the Rice Issue?

If the EC and the U.S. do reach an agreement, it is certain to be one that includes something like the so-called "minimum access" proposal broached by Swedish Minister of Agriculture Mats Hellstrom at the cabinet meeting in Brussels. The proposal calls for all GATT member nations to import 5% of their annual consumption of each agricultural product. For Japan, which annually consumes 10 million tons of rice, that would mean the import of half a million tons of rice a yar. Currently, its rice market is almost completely closed.

Japan would likely be subjected to international criticism if it were to oppose the EC-U.S. plan and scuttle the new round of talks. In fact, Japan cannot disrupt the GATT negotiations because its economy has benefited enormously from the free-trade principles expounded by GATT.

Even if Tokyo could reject the minimum access proposal, the U.S. Rice Miller's Association would be certain to raise the issue once more with the U.S. trade representative under the so-called Super 301 provision of the Omnibus Trade Act.

LDP Shifts Tone

The Liberal Democratic Party has been silent on the matter of liberalizing rice imports, but recently the tone of the remarks made by some party leaders has shifted. Takeo Nishioka, chairman of the Executive Council—one of the three top positions in the party—suggested after the year-end Cabinet reshuffle that Japan would soon face a moment of truth over the rice issue.

Although a decision would probably not come before local elections in April, the feeling is that it would not do to isolate the nation internationally right up through the end of May, when the board of governors of the Organization for Economic Cooperation and Development meets and the G-7 summit is held.

With not only the EC moving toward a unified market but also the U.S. Canada Free Trade Agreement seemingly poised to include Central and South America as well, the world economy is beginning to move toward the formation of regional trading blocks.

Foreign Minister Taro Nakayama has said that Japan would be hit hardest by the creation of these zones and that the country had to make the new round of trade talks a success if it were to head off such a development. Ominously, Japan was criticized at the Brussels cabinet meeting for "not contributing to the development of the GATT talks."

EC Envoy Urges Opening of Japanese Market

OW2312082990 Tokyo THE JAPAN TIMES in English 22 Dec 90 p 7—FOR OFFICIAL USE ONLY

[By staff writer Ako Washio: "EC Envoy Sees Trade Deficit Expanding"]

[Text] Japan's trade surplus with the European Community [EC] will probably continue for the next few years, despite its recent decrease, said Jean Pierre Leng, EC ambassador to Japan.

"The Japanese market is not fully open," he said. The nation has not fully contributed to other countries while it has fully benefited from being a member of the Western summit (of industrialized countries), OECD (Organization for Economic Cooperation and Development) and GATT (General Agreement on Tariffs and Trade), he added.

"It is like playing golf in an elegant club and enjoying the buffet there, but not paying for the full membership," he said in a recent interview with THE JAPAN TIMES.

Leng, a French member of the EC Commission who was appointed ambassador in July, wants Japan to make more efforts to reduce its trade deficit with the EC.

The Community's trade deficit with Japan in 1989 fell by $3 billion from a year earlier to $20 billion.

Japan's imports from the EC of luxury items such as antiques and artworks, including paintings, amounted to $2.02 billion in 1989, representing the second-largest EC export to the country, according to the Japan External Trade Organization.

Improvement Not Counted

The recent improvement in the trade deficit does not reflect the actual international trade account because expensive paintings should not be counted as exports, Leng said.

"They were mostly bought by Japanese at auctions in New York or other places, but are considered EC exports to Japan since painters are French and other Europeans," he explained.

Leng also expressed concern that the anticipated slowing down of the Japanese economy in 1991 and 1992 will diminish consumption of luxuries, while the stagnation of the U.S. economy might divert some Japanese exports from the U.S. to the EC.

"It will take a very long time to indeed reduce deficits," he said.

The EC envoy acknowledged, however, that the Community's objective is not necessarily to have balanced trade with every country. "It is normal that we have surpluses with some countries and deficits with others."

"But what is striking about Japan is that it has surplus with all of its trading partners, including the EC," he added.

There is a feeling in the 12-nation Community that Japan's surplus is not just the consequence of its high quality products in the world market.

The surplus is aided by the Japanese market, which is not fully opened to foreign products, while structural elements like the country's competition policy and distribution system are not helping, he said.

The EC has been demanding that Japan remove obstacles to market access, especially for leather and leather footwear, processed food products and fish, on which high tariff rates are imposed, according to Leng.

More specifically, the Community wants Tokyo to cut tariffs on leather commodities to less than 20 percent.

Two-Tier Tariff System

Currently, Japan has a two-tier tariff system for imports of leather shoes and other leather products, under which higher tariffs are imposed on imports surpassing a fixed quota.

A tariff of 27 percent is imposed on up to 4.12 million pairs of imported leather shoes. The levy on any remaining imports goes up to either 60 percent of the import price, or Y4,800 per pair, whichever is higher.

In 1988, when the 27 percent rate was applied to about 3 million pairs of shoes, the EC exported 1.45 million pairs within the quota, with a trade value of Y10.6 billion. Total imports in 1988, inside and outside the quota, were 2.2 million pairs.

"We understand it will take some time because Japan has domestic problems with the sector," Leng said. "But what we cannot understand is there is no way out but just a refusal to move."

The market should be opened "step by step" by reducing the tariffs gradually, for example, Leng said.

At present, the leather products tariff is being negotiated in the Uruguay Round of multilateral GATT trade talks. There still remains a wide difference between Japan and the EC over how far the tariffs should be cut.

Leng emphasized, however, that the EC has no intention of taking retaliatory action against Japan for making little progress over the trade issue, thus drawing a difference between the EC and the U.S., which has often taken a retaliatory posture.

"We work within the framework of the GATT—unilateral actions would weaken those GATT holds that we want to reinforce," he said.

The single market should be completed within the Community by the end of 1992. The internal market is expected to be completely open for the EC's trading partners in the transition phase until 1998, according to a report by the EC Commission.

Market liberalization will also apply to motor vehicles, by abolishing existing monitoring systems in Italy and other countries in the EC.

The ambassador brushed aside concerns expressed by some Japanese automakers that the EC may not honor its pledge to fully open its market. "I've never seen the EC not fulfilling a commitment," he said.

Leng voiced appreciation for the recent increase in the number of car exports to Japan. "I could say it (the market) is almost open."

EC's Other Interests

The EC, however, is not only interested in selling its most popular exports to Japan—clothes, automobiles and liquor—but also other products, such as high-tech devices like airplanes, he said.

Europe accounts for only 10 percent of Japan's aerospace sales, while the U.S. makes up for the other 90 percent, he noted.

According to statistics provided by the EC Commission, Arbus has a 39 percent share of the world aircraft market, while Boeing represents 61 percent as of August 1990.

"I don't know why (Airbus's share of the Japanese market is so low). I know Air France has many Boeings, Lufthansa is flying both Airbus and Boeings, and even United Airlines buys Airbus," he said.

"I hope, in the future, Japan will not buy airplanes from only one supplier," Leng said.

Economic Journal Views U.S. Discount Rate Cut

OW2712230390 Tokyo THE JAPAN ECONOMIC JOURNAL in English 5 Jan 91 p 8—FOR OFFICIAL USE ONLY

["Commentary" column: "U.S. Discount Rate Cut"]

[Text] The U.S. Federal Reserve's discount rate cut last week was a timely response to increasing signs of recession in the U.S. A further downturn in the U.S. economy would hurt the world's greatest export market, rekindle the strong undercurrent of protectionism in Congress, damage confidence in the dollar and wreck the international monetary system.

Given the continued strength of Japanese business activities, particularly in the manufacturing sector, the Bank of Japan should not follow suit by cutting its official discount rate. Despite signs of a drop in corporate profits, performance generally continues to be strong. Innovations in technology are also helping to maintain robust corporate capital investment.

But growing uneasiness among corporate managers over the future of the Japanese economy has prompted some to call for a relaxation of the central banks' monetary policy.

Such concern, however, primarily stems from the bursting bubbles of highly inflated stock and land prices. Their decline merely represents a correction in bloated parts of the economy.

Calls for lower interest rates in the absence of effective measures to limit capital gains made by speculating in property and stocks would therefore be irresponsible.

The primary concern of Japanese monetary authorities now should be whether their current policy, if too inflexible, might cause the dollar to plunge and thereby send the world economy into great confusion.

Paper Views U.S. Financial System Overhaul

OW1402121291 Tokyo MAINICHI DAILY NEWS in English 13 Feb 91 p 2—FOR OFFICIAL USE ONLY

["Editorial: "U.S. Financial Reform and Japan"]

[Text] The U.S. Treasury Department last week submitted to Congress a sweeping proposal to revamp, for the first time in 60 years, the country's financial system to make banks more competitive.

President George Bush gave top priority to this question in this year's State of the Union message, as weakened financial institutions have contributed to the snowballing U.S. fiscal deficit and the deepening recession.

Market integration in the European Community has also prompted the move for reforming the U.S. financial system. The EEC is adopting a universal banking system which allows financial institutions to engage in both

X

banking and investment business, and is expected to restrict, on the basis of reciprocity, the access of institutions of outside countries maintaining different systems from that of the EEC. This is forcing outsiders to review their respective systems.

Japan is no exception. Two panels are expected to submit to the finance minister in June their reports on the reform of the financial system in this country. Then the process of amending relevant laws will begin.

Reform and coordination of the financial systems in Japan, the U.S. and Europe are now inevitable. As an overhaul of the U.S. system is bound to have a direct impact on Japan, we must watch its development closely and prepare a quick and correct response.

The U.S. plan contains an amendment to the Glass-Steagall Banking Act of 1933 which provides for the separation of banks from investment business, and a repeal of the McFardden Act that restricts interstate banking. Those moves are aimed at making healthy and strong banks and securities companies even more competitive by lifting existing barriers in their lines of business and geographical areas of operation.

At a press briefing on the proposed financial reform Treasury Secretary Nicholas Brady pointed to the ranking of major banks in the world, which showed giant U.S. commercial banks no longer the global leaders, with Citicorp barely holding 27th place as the biggest U.S. bank. Even Citicorp is at great pains to raise needed capital of 5 billion dollars. With 2 billion dollars in problem debts due to the depression in the real estate market, it is fighting an uphill battle for recovery.

In contrast Japanese banks dominate half of the world's top 30 institutions. While their partially bubbled assets should be somewhat discounted, this imbalance between Japanese and American banks is serious, providing the backdrop for the growing "Japan bashing" in Wall Street over the past two years.

A tradition of economic democracy exists among the American public and Congress tending to check the power of giant business corporations and banks. But expectations for renewed supremacy of U.S. banks are reported rising in Congress.

A change in the system does not guarantee renewed competitiveness, however. Many factors, such as the drifting away of businesses from banks, advancement of non-banks, excessive liberalization of interest rates and depression in the real estate market, have weakened U.S. banks. Seeking ever higher yields U.S. banks stumbled into financing corporate buyouts, junk bond deals and other high risk operations without the intervention of regulatory authorities.

For financial institutions of Japan, which are a decade behind their U.S. counterparts as far as liberalization goes, the experience provides a host of lessons. But at bilateral financial consultations the U.S. is urging Japan to quickly adopt measures which failed in the U.S., including the liberalization of ordinary deposit interest rates. While Japan should not stay behind the world trend of financial liberalization, it should avoid any hasty action.

U.S. Firm Requests Funds for Satellite Project

OW0302232691 Tokyo NIHON KEIZAI SHIMBUN in Japanese 3 Feb 91 Morning Edition p 1—FOR OFFICIAL USE ONLY

[Text] Alpha Rilacom [name as published] (abbreviation, Panamsat), a private-sector U.S. satellite communications company, has decided on completing a project to launch three communication satellites over the Pacific, the Atlantic, and the Indian Ocean by 1994, and has requested Japanese enterprises, including major trading firms, for investment. The total cost for the project amounts to $478 million (approximately Y62 billion). Hitherto, the intercontinental satellite communications business has been monopolized by the International Telecommunications Satellite Organization (INTELSAT). However, because the U.S. Government is strongly supporting private enterprises for their advance into this business, it is most likely that Japanese enterprises will be forced to take the same measures in this field.

Panamsat's leading excutives have arrived in Japan and presented their project to about 10 Japanese enterprises. According to the project, Panamsat will launch one satellite, each equipped with about 30 transponders, over the Pacific, the Atlantic, and the Indian Ocean respectively. When they are launched, a satellite communications network connecting various parts of the world, including Japan, Asia, North America, South America, Europe, Africa, and the Near and Middle East, will be completed. The project aims to meet the need for wireless transmission of pictures and also for possessing private lines by enterprises. Among the satellites proposed for use in the project are those developed by General Electronics (GE), and Hughes of the United States.

Panamsat plans to complete the project of launching three satellites, named "PAS-2", "PAS-3", and "PAS-4", through forming a partnership (joint venture) by inviting investors from Japan, the United States, and Europe. It plans to collect about half of the needed funds, amounting to $220 million, as capital, and it has requested that Japan invest one quarter of the capital, amounting to $55 million.

Panamsat is a venture business that succeeded in launching the "PAS-1" internatioanl communication satellite in 1988. It was the first communication satellite connecting North America, Central and South America, and part of Europe launched by a private company. Maintaining that "it would be necessary to conduct a full study of needs and other factors," Japanese enterprises have taken a stance on deferring the decision for the time being.

Government Hesitant To Fund U.S. SSC Project

OW1601094691 Tokyo ASAHI EVENING NEWS in English 15 Jan 91 p 3—FOR OFFICIAL USE ONLY

[Text] The Japanese Government has been dragging its feet on a U.S. request for funds for the latter's plan to build a superconducting super collider (SSC), or a large-sized superconducting particle acceleraton.

Washington is requesting Tokyo supply Y300 billion for the project. However, the later is hestitating to meet the demand because of its financial difficulties.

The SSC, to be constructed in a suburb of Dallas, Texas, is a circular underground tunnel with a circumference of 87 kilometers and with about 10,000 superconducting magnets placed along the circle. The facilities will accelerate protons in two directions to up to 20 trillion electron volts and make them collide head-on with each other.

As a result, 40 trillion electron volts, or 20 times that of the world's largest energy being produced at present in the United States, will be made. The new energy is expected to lead to discovery of unknown elementary particles and make great progress in elementary particle physics.

The construction of the SSC is estimated to cost Y8.2 billion, of which $5 billion and $1 billion have been put up by the U.S. Government and the Texas state government. The U.S. authorities hope that the remaining Y2.2 billion will be supplied by other countries such as Canada, South Korea and Japan, of which only South Korea has agreed to provide funds.

Washington is asking Tokyo to make an on-site inspection of the facilities. The latter is hesitating, however, by saying that making an inspection tour could imply that Japan has agreed to offer funds. U.S. government sources in Japan said that Tokyo should make a "political decision," considering the Japan-U.S. relationship.

Government Sets Conditions for U.S. Chip Talks

OW1302064291 Tokyo THE JAPAN ECONOMIC JOURNAL in English 16 Feb 91 p 5—FOR OFFICIAL USE ONLY

[Text] The Japanese Government will enter into discussions on a new semiconductor agreement with the U.S. if Washington lifts retaliatory tariffs imposed on some Japanese imports, Japanese government sources said. The key issue of the talks is likely to be the foreign share of Japan's microchip market.

Japanese negotiators will convey their conditions to the U.S. in a meeting scheduled for the end of February. The U.S. proposed the idea of a new accord in the previous semiconductor talks at the end of January.

The new agreement, to replace the current accord which expires at the end of July, is expected to call for continuation of Japan's efforts to increase market access for foreign chip makers, and to prevent dumping of Japanese chips abroad.

Japanese officials decided to work out another agreement in order to clarify Japan's readiness to improve market access, and also to preempt complaints from U.S. chip manufacturers, who are facing a slowdown in the U.S. economy and may blame Japan for their difficulties, the sources said. But negotiations are likely to be rough going before any agreement can be reached, due to the different stances of each side concerning the chip accord. As a condition for a new accord, Tokyo wants Washington to lift its remaining sanctions on Japanese imports.

In April 1987, the U.S. slapped extra duties worth $300 million annually on personal computers, color television sets, and electric power tools imported from Japan, in retaliation for damages caused by Japan's alleged violation of the accord. Part of the sanctions, worth about $160 million a year, remain in effect. Tokyo described the U.S. move as a "unilateral retaliatory measure without a justifiable reason."

Market share is likely to be one of the most difficult negotiating points. The U.S. Semiconductor Industry Association (SIA) and the U.S. computer industry are requesting that the new accord include a guarantee to raise the market share of foreign chips to 20% by the end of 1992, and that it cover another five years. Washington is most likely to endorse their requests.

Tokyo thinks five years is too long for the guarantee, and hopes to settle on two to three years. A specific percentage figure for market share is also unacceptable, the sources said.

The current agreement was concluded in September 1986, triggered by the SIA's request that the U.S. Government punish Japan under Section 301 of the U.S. Trade Act, which authorizes retaliation against unfair trade practices.

Friction With U.S. on Semiconductors To Ease

OW0502142091 Tokyo MAINICHI SHIMBUN in Japanese 5 Feb 91 Morning Edition p 1—FOR OFFICIAL USE ONLY

[Text] Regarding the Japan-U.S. Semiconductor Accord which will expire in July, a top executive of semiconductor manufacturer, which holds a leading role in the semiconductor circles, said that "we cannot help but accept its continuation for some three years." He also disclosed a plan to coordinate opinions of the semiconductor circles and to inform the government to accept continuation of the accord.

XII

Moreover, on its clause regarding market share, in which the United States calls for increasing the foreign semiconductor industries' market occupation rate to 20 percent, the same top executive explained his view of agreeing with the demand. The government will decide its final policy after hearing the intention of semiconductor circles. However, it seems that friction in the field of semiconductors between Japan and the United States will be eased.

The Japan-U.S. Semiconductor Accord was signed July 1986 to expand the foreign semiconductor manufacturers's share in the Japanese market. Although its term is five years, there was a difference of opinion between Japan and the United States over the "clause for share expansion," which is 20 percent. The U.S. side, including the Semiconductor Industry Association (SIA), sent a letter to President Bush in October last year, demanding an extension of the five-year period. Thus, it was expected that the United States would carry out negotiations with Japan on the basis of the written opinion.

In opposition to this, the Japanese side expressed its disapproval of its continuation, saying that "because Japan is making continuous efforts for liberalizing the market, the accord is no longer needed," (according to Teruo Tanii, chairman of the Electronic Industries Association of Japan). However, taking a serious view of the situation in which the friction between Japan and the United States is coming to the fore again, Japanese semiconductor circles decided that it was necessary to show a cooperative stance.

Editorial: No Renewal of U.S. Semiconductor Pact

OW0602104591 Tokyo NIHON KEIZAI SHIMBUN in Japanese 5 Feb 91 Morning Edition p 2—FOR OFFICIAL USE ONLY

[Editorial: "Semiconductor Accord Should Be Followed By Spirit of Japan-U.S. Coexistence"]

[Text] The Japan-U.S. agreement on semiconductors will expire at the end of July. The U.S. industry is demanding a new accord, and the U.S. Government, in a recent regular meeting held to discuss semiconductor issues, has asked for an early resolution of the question of a new agreement.

However, in order to discuss the question of what to do after the agreement expires, it is necessary that we make an accurate assessment of the current agreement, in effect since August 1986, reviewing contributions it has made as well as problems it has caused.

The first of the contributions is that, though prompted by increased Japanese-U.S. economic friction, Japanese semiconductor users (including semiconductor manufacturers) have become more serious about importing foreign companies' semiconductors as a way of opening the Japanese market. U.S. semiconductor manufacturers have in turn come to learn to meet the requirements of Japanese users regarding quality and delivery.

The second of the contributions is that all Japanese semiconductor manufacturers recognize the need to refrain from engaging in excessive competition, which might encourage dumping, and the importance of coexisting with U.S. and European manufacturers.

On the other hand, however, many problems have been created. We will not talk here about the question of whether the Ministry of International Trade and Industry did promise a 20 percent share of the Japanese market to foreign semiconductor manufacturers. What does not make sense is the fact that even users who had nothing to do with dumping practices have been forced to increase their purchase of foreign companies' semiconductors, based on a certain fixed share in the semiconductor market, while Japan's market has continued to grow and change dynamically.

Understandable are debates about a market share for those specific types of semiconductors which were subject to investigation for dumping practices. But unrealistic is the claim that U.S. manufacturers producing primarily industrial semiconductors should be given a 20 percent share of the total Japanese semiconductor market, where nearly half of the products are for private sector demands. Given this, there is no doubt that any sanctions meted out on grounds of failing to meet this share go too far.

Japan and the United States are now confronting each other over which statistics should be used as the basis for calculating the share. But even this is more proof that clear knowledge of the status of semiconductor distribution and consumption has been lacking when discussing shares.

The second problem is that semiconductor users have been put at a disadvantage as a result of the U.S. Government's institution of the fair market value (FMV) system to prevent dumping by Japanese manufacturers and the Japanese Government's monitoring of prices to prevent Japanese manufacturers from selling too cheap. This has worked as an advantage to manufacturers but has also had the side effect of accelerating competition to produce new products among these manufacturers.

The third problem is that Japan has been compelled to apply a minimum export pricing system on products exported to the European Community (EC) as a consequence of the effect of the Japanese-U.S. agreement on the EC. This means that all major markets—Japan, the United States, and Europe—have come under some kind of control, deviating from the principle of free competition.

Merits and demerits of the agreement having been reviewed, what is the course of action this country must take? This country, drawing on the policies of the Uruguay Round, should reject demands for a new agreement and should seek to coexist with the U.S. industry by opening the market and by allowing competition which has its basis in cooperating and maintaining order among enterprises.

In the six months remaining until the expiration of the current agreement, we hope the government will conduct active dialogue with the industry and the Government of the United States in order to build mutual trust, which will ensure that our country's semiconductor industry may coexist with the United States industry—without the conclusion of another agreement.

Paper Views Semiconductor Trade With U.S.

OW1601051291 Tokyo THE JAPAN TIMES in English 15 Jan 91 p 20—FOR OFFICIAL USE ONLY

[Editorial: "The U.S. Comeback in Microchips"]

[Text] With the possible exception of the question of liberalizing Japan's rice market, few bilateral trade issues have been so consistently in the news as the perceived difficulty of American semiconductor manufacturers in increasing their market share here. A major problem in the persistent politics of the dispute is the different ways in which sales results are measured.

United States government negotiators and that country's Semiconductor Industry Association, for example, typically use different yardsticks from those on which the Electronic Industries Association of Japan and the Ministry of International Trade and Industry base their market share figures. The different corporate structure of many American semiconductor manufacturers vis-a-vis their Japanese counterparts also complicates accurate sales measurements.

It is significant, therefore, that a report issued a the start of the year by an internationally respected U.S. high-technology consulting company shows that U.S. semiconductor manufacturers increased their share of the market here in 1990—to 10.4 percent from less than 10 percent—for the first time in 11 years. This is important news even if the share remains considerably smaller than U.S. chip makers hope to obtain.

Virtually all of Japan's semiconductor manufacturers are both in-house users of the devices they make and sellers of them to customers worldwide. On the other hand, at least two of the largest U.S. chip producers will not sell outside their own corporate divisions. Differences of this kind contribute to the difficulties Japanese and American semiconductor trade negotiators have in reaching mutually acceptable agreements.

The details of the U.S. research firm's survey thus have attracted wide attention throughout the semiconductor industry. The figures show unequivocally that while Japanese manufacturers retained their world lead, gaining six of the 10 top places, American makers increased their share globally, not only in this country. That strongly suggests that the U.S. companies, both the large corporations and the smaller specialty firms, are successfully regaining their competitiveness.

The survey actually showed a slight loss in 1990 in world market share for Japan's semiconductor makers, who are generally specialists in memory chips for which prices have been falling. The strength of U.S. producers is in microcomponents. Overall combined world sales increased by only 2 percent last year, but some analysts think that may be better than the results to be registered at the end of 1991, depending on global economic conditions.

Experts believe that much of the semiconductor business this year will be confined to consolidating current market positions, supplemented by the introduction of innovative products like 16-megabit DRAM (dynamic random access memory) chips. Even though 4M DRAMs are not expected to achieve peak sales until 1994, chip makers are rushing to perfect the still more complex 64M DRAM.

American manufacturers are reported focusing on that densely packed device for a major reentry into the memory chip market. But this is turning out to be a highly expensive undertaking that has brought about international corporate cooperation to undertake the necessary research. The leading U.S. maker is teaming up with its largest German counterpart, for instance, while another American producer has joined forces with one of the major makers here.

The U.S. consortium known as Sematech (for "semiconductor manufacturing technology") is also concentrating on the 64M DRAM, and reportedly even looking beyond that, to microchips that will require radically different production methods from those of today. Sematech, which receives U.S. federal government funding, is attempting to rejuvenate some aspects of American manufacturing knowhow. It is encouraging U.S. chip makers to work more closely with their customers, a move we think it is fair to say stems partly from Japan's example.

Government officials and industry leaders on both sides of the Pacific now must make special efforts to prevent national differences in measuring microchip sales from obstructuring their talks aimed at the steps to follow the July expiration of the 1986 Japan-U.S. semiconductor trade agreement. We hope these differences can be narrowed in the busy months ahead as they seek to reach an understanding on the foreign share of the market here.

4 Firms To Unveil 64M DRAM Chips in U.S.

OW0902171091 Tokyo JIJI in English 1418 GMT 9 Feb 91—FOR OFFICIAL USE ONLY

[Text] Tokyo, Feb. 9 (JIJI PRESS)—Four Japanese semiconductor makers will unveil their test-fabricated

64-megabit dynamic random access memory (64M DRAM) chips at an international conference in San Francisco next week.

They are Toshiba Corp., Fujitsu Ltd., Mitsubishi Electric Corp. and Matsushita Electric Industrial Co., which will join the meeting of the international solid-state circuit conference (ISSCC) Wednesday through Friday.

No. 1 chipmaker NEC Corp. will make no announcement this time. It says the company will unveil an experimental chip ready for practical use in summer.

The four firms employ technology more suitable for mass production than Technology Hitachi, Ltd. used in test-manufacturing its own model announced last June. Hitachi used an electron beam to write a circuit pattern on silicon wafers, whereas the four employ optical printing. Toshiba and Matsushita use a laser with a short wavelength as the light source, and Fujitsu and Mitsubishi the ultraviolet I ray.

A single 64M DRAM chip can hold information 16 times as much as the 4M DRAM now in a mass production phase.

GAO Officials To Probe High-Tech Parts Supply

OW1202213491 Tokyo JIJI in English 1235 GMT 12 Feb 91—FOR OFFICIAL USE ONLY

[Text] Tokyo, Feb. 12 (JIJI PRESS)—Two officials from the U.S. General Accounting Office (GAO) are visiting here to investigate allegations that Japanese makers of semiconductor-manufacturing equipment and machine tools are deferring parts supplies to U.S. firms, according to government sources.

The GAO, an investigative organ of the U.S. Congress, is acting on complaints from U.S. industry that Japanese manufacturers are giving priority to Japanese customers over American firms in shipments of these high-technology parts and components, they said.

The GAO officials will early this week hold meetings with officials from the Ministry of International Trade and Industry (MITI) as well as relevant industry organizations and makers to find out whether there are grounds for such U.S. complaints. MITI has rebutted the charge as groundless, the government sources said.

International Talks on Antimonopoly Law Urged

OW2712235890 Tokyo NIHON KEIZAI SHIMBUN in Japanese 24 Dec 90 Morning Edition p 3—FOR OFFICIAL USE ONLY

[Text] The government has decided to call on industrialized nations to get together to formulate multinational rules governing "nonregional application of the antimonopoly law." The government, in doing so, wants to address the problem of nations applying their national antitrust laws in dealing with losses inflicted on their countries' businesses or consumers through cartels or other unlawful trade acts by exporting countries. The government will file a request for the rule formulation with the Organization for Economic Cooperation and Development (OECD).

The United States is currently revising its antitrust law, the equivalent of this country's antimonopoly law. The government thinks that this revision is aimed at stretching the law's application to cover joint boycotts (refusal of deals) as well as transactions among companies of the same group. The government wants to brake this U.S. move by persuading nations to adopt mutinational rules stipulating and clarifying the scope of nonregional application of the law.

With business activities becoming increasingly internationalized, the matter of nonregional application of the antimonopoly law is turning into a problem common to all industrialized nations with antimonopoly laws in operation. At present, no international rules apply. But the general understanding is that if a company doing business in a foreign country violates an antimonopoly law of that country or if a country suffers a loss as a direct result of an unfair trade act enacted by another nation, the antimonopoly law of the foreign country in the former case and that of the aggrieved country in the latter case can be applied and necessary measures taken.

For instance, if a foreign firm harms another country's consumers as a result of forming cartels to fix export prices or if a foreign firm controls prices of sales agents in an importing country, that would be considered as constituting such a case.

The government has decided to call for multinational talks on the issue at this time because the U.S. Government is moving toward carrying nonregional application beyond the scope of "international practices." The U.S. Justice Department has started to work on revising "international business operation guidelines," which is constraining nonregional application of the antitrust law. The department is expected to come to some conclusions as early as January.

The United States has announced its intention to revise guidelines so that the law may be applied to joint boycotts of U.S. products and other alleged unfair practices against U.S. export businesses. The Japanese Government is alarmed by this move. An official has said: "This targets Japan's alleged business practices of dealing among companies in the same group or shutting out foreign companies." The government will call on the OECD Competition Policy Committee to formulate international rules, while keeping an eye on the progress of U.S. Government revision work.

If the U.S. Government decides on expanded application of the law, it is possible that the antitrust law will be misused, with U.S. businesses claiming arbitrarily, for instance, that "our sale of U.S. products has been boycotted because of Japanese practices of wanting to do business with companies in the same group" or "the entry of U.S. firms into the Japanese market has not been possible because of a joint boycott." The application of the antitrust law could mean sanctions against Japanese firms' business bases or U.S. firms with Japanese investment. It is even possible that criminal indictments may be brought. The government hopes to prevent expanded application of the antitrust law through the holding of multinational talks.

Stronger Role in Free Trade Preservation Urged

OW1001135391 Tokyo MAINICHI DAILY NEWS in English 9 Jan 91 p 2—FOR OFFICIAL USE ONLY

[Editorial: "Duty to Preserve Free Trade"]

[Text] With the conclusion of the Cold War, efforts to build a new international order came into the spotlight last year, including the Conference on Security and Cooperation in Europe, which produced the Paris Charter.

But there was a considerable lag in building a world economic order, notably in the Uruguay Round of the General Agreement on Tariffs and Trade [GATT], a settlement of which was postponed until the new year.

While the talks, aimed at creating a new trade order for the next century, are resuming in mid-January, prospects are still foggy. We fear that the participating nations are losing enthusiasm for bringing the process to a successful conclusion.

The GATT system was inaugurated as a major postwar international institution to preserve and promote free trade, just as the United Nations was intended as a major political organization to ensure world peace and security. For years the United States exercised successfully its leadership in GATT negotiations, thanks to its unparalleled strength and because of the presence of the Soviet Union as the common enemy of freedom.

Now that the common enemy has disappeared and U.S. power has relatively diminished, unity in GATT is shrouded in uncertainties. Economic power, rather than military power, talks louder in the post-Cold War world, and nations are busy making trade rules that are more advantageous to themselves and to the regions they belong to.

Notable in the background of the impasse in the Uruguay Round is the gradual drifting away from Washington by the European Community, for which its own unity and common farm policy come first. The EC, although fully aware of the importance of free trade, seems to consider that strengthening its own unity at this moment is the best way to become a world economic player that can compete with the United States and Japan on an equal footing.

The United States, for its part, is employing a two-pronged strategy; while promoting free trade on the one hand, Washington concluded a free trade agreement with Canada, is bringing Mexico into it, and is moving to expand its economic zone further to other parts of Latin America.

This is an age of globalization where goods, services, money and manpower flow across borders, but at the same time this is an age of regionalization, in which the three regional centers, the U.S., EC, and Japan, vie with one another in fortifying their respective positions. If the force of regionalization turns inward, a serious danger of protectionism can emerge.

Under the circumstances we must first emphasize that the conditions of the U.S. and EC on the one hand and Japan on the other are different. The former two regions represent fairly self-conclusive markets, which can lead to the temptation that stepped-up trade within the region can compensate for raised barriers against outsiders. This is in no way desirable. In order to bring prosperity to the world economy as a whole, a free flow of trade, money and investments within certain rules should be ensured. The GATT members should renew their awareness of this point.

Another point to remember is that it is the developing countries that get hurt most seriously once trade negotiations break down.

Japan is a country that only recently joined the club of industrialized countries from the ranks of developing nations by way of free trade. To keep open the opportunity for a second and subsequent Japan to emerge we should not become a party to blocking this path.

Rather, we should be prepared to defend and preserve the principle of free trade even at the sacrifice of certain domestic sectors, including rice farming. We should shoulder this burden, if Japan is to become a better champion of free trade.

Survey on Economic Internationalization Cited

OW2201154691 Tokyo ASAHI EVENING NEWS in English 21 Jan 91 p 3—FOR OFFICIAL USE ONLY

[Text] More Japanese than ever see promotion of internationalization as one of Japan's global duties as a major economic power, according to a survey by the Prime Minister's office released over the weekend.

The survey on internationalization and Japan's role in the world community showed 46.6 percent of respondents thought Japan must promote internationalization, up from 43.1 percent in 1989.

And of those responding that Japan needs to take a larger role in the world, 39.3 percent said the main thrust of internationalization should be economic, such as efforts to open the domestic market and bring about structural re-adjustment at home.

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NOTICE TO READERS: An * indicates material not disseminated in electronic form.

NORTHEAST ASIA

Japan

Soviet Envoy Primakov Arrives for Talks 15 Feb *[KYODO]* 1
    Meets With Kaifu, Nakayama *[KYODO]* 1
    Discusses Gulf War With Kaifu *[KYODO]* 1
    Cites Conditions for Mideast Peace *[KYODO]* 2
Primakov Interview on Gulf War, Husayn Stance *[Tokyo TV]* 2
Arbatov on Military Influence, Gulf Situation *[Tokyo TV]* 3
Kaifu on Analyzing Iraq's 'True Intentions' *[KYODO]* 4
Sakamoto on 'Clue for Peace', Iraqi Pullout *[Tokyo TV]* 4
    Further on Sakamoto Remarks *[KYODO]* 4
No SDF Planes to Gulf Without Jordan's Consent *[KYODO]* 4
LDP To Cut Defense Spending for Gulf Aid *[KYODO]* 5
    Kaifu Approves LDP Plan *[KYODO]* 5
    Hashimoto Accepts LDP Decision *[KYODO]* 6
Kaifu, Cabinet To Undertake 10% Salary Cut *[KYODO]* 6
Gulf Aid Debates Continue, People Less Concerned *[KYODO]* 7
Kaifu on Postwar Economic Cooperation in Mideast *[Tokyo TV]* 7
Nicaraguan Paper Reports on Chamorro Visit *[Managua LA PRENSA 12 Feb]* 8
Government To Hold Talks With DPRK 11 Mar *[KYODO]* 9
Police Arrest Passenger Behind Airline Bomb Hoax *[KYODO]* 9
PAJ Official Objects to Oil Tax Hike Plan *[KYODO]* 9
Crude Steel Production Increases From Last Year *[KYODO]* 9
Advertising Expenditures Increase in 1990 *[KYODO]* 10
Computer Display Makers Deny U.S. Charge *[KYODO]* 10
MITI Views Computer Chip Cooperation With U.S. *[KYODO]* 10
    Target Share Request Rejected *[KYODO]* 11
Fujitsu Announces Gate Array, SRAM Developments *[KYODO]* 11
Fujitsu Develops Experimental Josephson Computers *[KYODO]* 11
    Fujitsu Announces Development of New DRAM Chip *[KYODO]* 12
    Companies Announce DRAM Development *[KYODO]* 12
Toshiba Develops 'Fastest' 4-Megabit Memory Chip *[KYODO]* 12

Mongolia

State of Health Precludes Tsedenbal Trial *[Ulaanbaatar International]* 12
Minister Signs Agreement To Join World Bank, IMF *[KYODO]* 13
Vice President Returns From USSR Visit *[Ulaanbaatar International]* 13
First Vice Premier Returns From Switzerland *[Ulaanbaatar International]* 13
Reportage on Vice President's Visit to Austria *[cross-reference]* 13

North Korea

Daily Lauds North-South Joint Sports Agreement *[KCNA]* 13
U.S., South Refuse To Cease 'War Exercises' *[KCNA]* 14
Korea-Iran Association Marks Islamic Anniversary *[KCNA]* 14
Korean, Chinese Students Celebrate New Year *[KCNA]* 14

Kim Chong-il Birthday Remembered Throughout North 14
    North 'Significantly Celebrating' *[KCNA]* 14
    Soldiers Send Pledge Letter *[Pyongyang Radio]* 15
    Various Foreign Functions Held *[KCNA]* 16
    Cuban Envoy Holds Reception *[KCNA]* 16
* Kim Chong-il's Agriculture Letter Commemorated *[NODONG SINMUN 15 Dec]* 17
Indoctrination of Members in Party Policy Stressed *[Pyongyang Radio]* 18
Compilation of KCNA Press Reviews Published 20
    For 14 February 20
    For 15 February 21
New Building Material Bases Under Construction *[KCNA]* 22
    New Bases Commissioned *[KCNA]* 23
Work of Kusong Machine Tool Factory Described *[KCNA]* 23
Progress in Construction of New Housing Noted *[KCNA]* 23
* Editorial Stresses Nonferrous Metal Production *[MINJU CHOSON 1 Dec]* 24
Correction to Wrap-up Report Issued on MAC 25

South Korea

Saudi Ambassador Interviewed on Gulf War, Iraq *[CHOSON ILBO 14 Feb]* 26
Kim Chong-il Referred to As 'Supreme Commander' *[THE KOREA TIMES 14 Feb]* 26
* Paper Reports on Anti-Kim Chong-il Forces *[NAEWOE TONGSIN 5 Oct]* 26
* Local Election Strategies, Impacts Described 28
    * For the DLP *[HANGYORE SINMUN 16 Dec]* 28
    * For the DP, MP *[HANGYORE SINMUN 18 Dec]* 30
    * Fears of Civil Servants *[HANGYORE SINMUN 22 Dec]* 31

SOUTHEAST ASIA

Burma

Representative Removed From Assembly List *[Rangoon Radio]* 34
Twelve Student 'Insurgents' Surrender 8 Feb *[Rangoon Radio]* 34
Seven Shan United Army Members Surrender 26 Jan *[Rangoon Radio]* 34
Villagers Denounce Insurgents for Burning Village *[Rangoon Radio]* 34
Ceremony Marks Opening of Satellite Ground Station *[Rangoon Radio]* 34

Brunei, Malaysia & Singapore

Malaysia

Mahathir Appoints Parliamentary Secretaries *[Kuala Lumpur Radio]* 35

Singapore

Premier Goh Delivers Lunar New Year Message *[Singapore Radio]* 35

Cambodia

Japanese Diplomat Imagawa Arrives for Talks *[SPK]* 35
Hor Namhong, Sok An Depart for Thailand *[Phnom Penh Radio]* 36
Criticism of Sihanouk's Call for Military Action *[SPK]* 36
Government Condemns Shelling of Battambang *[Phnom Penh Radio]* 36
Radio Reviews Military Activities in Past Week *[Phnom Penh Radio]* 37
Chea Soth Closes Justice Ministry Meeting *[Phnom Penh Radio]* 38
Resistance Supports Thai Premier's Intitiative *[Radio VONADK]* 38
VONADK Reports More Shelling in Battambang 38

Indonesia

Government Undecided on Sending Pilgrims to Mecca *[Jakarta Radio]* 38
ADB Approves Two Projects Totaling $815,000 *[KYODO]* 38
Financial Aid Agreement Signed With Netherlands *[ANTARA]* 39

Laos

Survey Meeting of Border Held With Burma *[Vientiane Radio]* 39
Kaysone Addresses First National Conference *[Vientiane Radio]* 39
Phoumi Vongvichit Addresses Provincial Meeting *[Vientiane Radio]* 40

Philippines

Vice President Interviewed on Bases Phaseout *[Manila Radio]* 40
Doubling of U.S. Bases Compensation Offer Urged *[MALAYA 15 Feb]* 41
Workers Deployment Ban to Middle East Lifted *[THE MANILA CHRONICLE 15 Feb]* 42
Senator Proposes Medical Mission for Iraq *[Quezon City Radio]* 43
Secretary Addresses House on Debt Payments *[THE MANILA CHRONICLE 15 Feb]* 43
Japanese Bank To Release $150-Million Loan *[PHILIPPINES NEWSDAY 15 Feb]* 43
Debt Servicing Hits $4.7 Billion in 1990 *[PHILIPPINE NEWSDAY 15 Feb]* 44
Paper Reports Trade Deficit With Germany *[BUSINESS WORLD 15 Feb]* 44
Foreign Investment Outlook Overviewed *[BUSINESS WORLD 15 Feb]* 45
Aquino Nominates New Elections Chairman *[Manila Radio]* 46
Church Plans Political Training for Laymen *[THE MANILA CHRONICLE 15 Feb]* 46
Police Patrols Switch From Armalites to Shotguns *[MANILA BULLETIN 15 Feb]* 47
Military Rebel Officer Arrested in Quezon City *[Manila Radio]* 47
Six Rebels Killed in Bataan, Iloilo Clashes *[DIYARYO FILIPINO 12 Feb]* 47

Thailand

Athit To Visit Hanoi 7-9 Mar To Discuss Summit *[THE NATION 15 Feb]* 48
Cambodia's Hor Namhong Welcomes Chatchai Proposal *[Bangkok Radio]* 48
Foreign Minister Remarks on Agreement With Brunei *[THE NATION 15 Feb]* 49
  Further on Ministerial Meeting *[Radio VOFA]* 49
Minister's Handling of Aviation Talks Criticized *[THE NATION 15 Feb]* 49
Revised Patent Law Offers 'Little Changes' *[THE NATION 15 Feb]* 50
Ministry Cites U.S. Copyright Violation Complaint *[PRACHACHAT THURAKIT 14 Feb]* 51
Pharmaceutical Patent Bill Reported Completed *[NAEO NA 12 Feb]* 52
Pharmaceutical Industry Official on U.S. Policy *[NAEO NA 14 Feb]* 52
Diplomatic Ties Established With Equatorial Guinea *[Bangkok Radio]* 52

Vietnam

Political Report Urger Closer Ties With U.S. *[Bankok THE NATION 15 Feb]* 53
Vo Chi Cong Sends Tet Greetings to People *[Hanoi Radio]* 53
Army Paper on Challenges Posed by New Year *[Hanoi Radio]* 54
Vo Nguyen Giap Visits Hanoi Radio, TV Station *[Hanoi Radio]* 55
Nguyen Thanh Binh, Le Quang Dao Visit Ha Bac *[Hanoi Radio]* 55
Do Muoi Visits Cadres in Quang Ninh Province *[Hanoi Radio]* 55

AUSTRALASIA

Australia

Prime Minister 'Vigorously' Defends Role in Gulf *[Melbourne International]* 56
Labor Faces Economic, Leadership 'Crisis' *[AFP]* 56

Fiji

Party Chief Remarks on Army's Wide-Ranging Powers *[AFP]* 57

Japan

Soviet Envoy Primakov Arrives for Talks 15 Feb

OW1502042591 Tokyo KYODO in English 0405 GMT 15 Feb 91

[Text] Tokyo, Feb. 15 KYODO—Soviet envoy Yevgeniy Primakov arrived in Tokyo Friday for talks with Japanese Government officials on the Persian Gulf war.

Primakov, a specialist on Arab affairs who has been President Mikhail Gorbachev's personal envoy concerning the Gulf, will meet with Prime Minister Toshiki Kaifu and Foreign Minister Taro Nakayama in the evening.

The Soviet envoy will hold a press conference and meet with former Prime Minister Yasuhiro Nakasone on Saturday before leaving Japan Sunday. Primakov, a member of the defunct Presidential Council, traveled to Baghdad this week and met with Iraqi President Saddam Husayn on Tuesday.

Husayn told Primakov, who gave him a message from Gorbachev, that Iraq is prepared to cooperate with the Soviet Union and other nations in finding a peaceful solution to the war, according to Radio Baghdad.

A Soviet presidential spokesman said talks between Primakov and Saddam Husayn produced cause for hope that the war could be ended.

Following his arrival at the new Tokyo International Airport, Primakov told reporters that the Soviet Union has found a small clue as to how the Persian Gulf war between the U.S.-led coalition and Iraq might be resolved.

But Primakov said he could not give further details, explaining that he feared such comments could adversely affect the current peace-seeking initiatives aimed at bringing peace to the Persian Gulf.

Meets With Kaifu, Nakayama

OW1502125991 Tokyo KYODO in English 1235 GMT 15 Feb 91

[Text] Tokyo, Feb. 15 KYODO—Soviet Middle East peace envoy Yevgeniy Primakov called for a political resolution to the Persian Gulf war Friday, and signaled Moscow's intention to continue dialogue with Iraq and other nations in a bid to restore peace, a Foreign Ministry official said.

Primakov told Prime Minister Toshiki Kaifu that the world has already suffered from the war, and that the damage will continue to mount as long as the war continues, the official said. The Soviet troubleshooter called for a political solution, but stressed that Iraq must withdraw from Kuwait, the official said. Primakov also told Kaifu about his meeting with Iraqi President Saddam Husayn on Tuesday, the official said, but requested the details remain confidential as diplomatic efforts are still unfolding.

Iraqi Foreign Minister Tariq 'Aziz is due in Moscow on Sunday for talks with President Mikhail Gorbachev. The Foreign Ministry official said he was also unable to mention which countries the Soviet Union was holding dialogues with, and whether the United States and Japan were included.

In the 40-minute meeting, Kaifu said Japan wants an early restoration of peace that honors the United Nations resolutions calling for Iraq's unconditional withdrawal from Kuwait. Kaifu said he was concerned that if nuclear weapons or chemical warfare are introduced the nature of the war could change. He also expressed concern over the possibility of Israel entering the conflict. "If Iraq withdraws from Kuwait then the war will end, and that will create the departure point for reconciliation," he was quoted saying. Kaifu pledged to do his utmost to help bring peace, and said Japan would help restore stability to the region after the conflict ends.

In a separate 25-minute meeting with Primakov, Foreign Minister Taro Nakayama said it was important to find a solution to the war that would prevent the resurgence of a dictator willing to sacrifice his people and see his country destroyed.

Primakov, a former member of the defunct Presidential Council, is here through Sunday at the invitation of the Japan Broadcasting Corp. (NHK). On his arrival earlier in the day Primakov said the Soviet Union has discovered a small clue on how to end the war in the Gulf, but said he could not reveal details.

Discusses Gulf War With Kaifu

OW1502104791 Tokyo KYODO in English 1027 GMT 15 Feb 91

[Text] Tokyo, Feb. 15 KYODO—Soviet Middle East peace envoy Yevgeniy Primakov and Prime Minister Toshiki Kaifu discussed the situation in the Persian Gulf for 40 minutes Friday, a Foreign Ministry official said.

Primakov, who met Iraqi President Saddam Husayn earlier in the week, requested that the contents of his talks with Kaifu on the Gulf situation not be made public, the official said.

On bilateral relations, Kaifu said he is looking forward to a planned visit to Japan by Soviet President Mikhail Gorbachev, and asked Primakov to convey his regards, the official said.

The Soviet envoy conveyed to Kaifu a message of greeting from Gorbachev, the official said.

Gorbachev is scheduled to visit Japan in mid-April.

Primakov told reporters on his arrival at Narita Airport earlier in the day that Soviet Union has discovered a small clue on how to resolve the Persian Gulf war.

He declined to give details, saying he did not want to jeopardize efforts to restore peace. Later in the day, it was announced that a news conference scheduled for Saturday has been canceled at Primakov's request.

Primakov, a former member of the defunct Presidential Council, is here through Sunday to attend a privately sponsored seminar.

He was to meet Foreign Minister Taro Nakayama on Friday evening.

Cites Conditions for Mideast Peace

OW1502144991 Tokyo KYODO in English 1423 GMT 15 Feb 91

[Text] Tokyo, Feb. 15 KYODO—Soviet Presidential Aide Yevgeniy Primakov on Friday cited three conditions he considered essential to maintenance of peace in the Middle East following an end to the Persian Gulf war.

Primakov said Israel should not be left out of any framework for peace, Iraqi strength should not be radically reduced to a point where the balance of force between Arabs and Israel or in relation to Iran and Turkey could be threatened, and the provision of weapons in the region should be regulated.

In a speech on the theme of "East-West relations after the Gulf war" delivered at the Ministry of Posts and Telecommunications, Primakov said international borders in the Middle East could not be drawn up with any finality until the Palestinian problem is settled. He said his visit to Iraq on Monday for talks with Iraqi President Saddam Husayn and related efforts with Baghdad may have been the "last chance" to get Iraq to agree to a peaceful settlement to the Gulf conflict.

Primakov, who arrived in Tokyo on Friday for a three-day visit, said he did not think the U.S.-led multinational forces have deliberately aimed to attack residential areas in Iraq as part of their bombing offensive. But he said their actions exceeded the terms of the U.N. Security Council Resolution which allowed the use of force to achieve an Iraqi withdrawal from Kuwait.

In an interview shown on Japan's national television network NHK on Friday evening, Primakov said that during his three meetings with Husayn in Baghdad, the Iraqi president maintained he would never withdraw from Kuwait. But Primakov said it was his assessment that such statements by Husayn need not be taken at face value. He said he thought Husayn was still amenable to a political solution to the conflict.

Primakov's speech and the NHK interview were made before Baghdad's announcement that it would withdraw its forces from Kuwait.

Primakov Interview on Gulf War, Husayn Stance

OW1502153291 Tokyo NHK General Television Network in Japanese 1325 GMT 15 Feb 91

["Exclusive" interview with Yevgeniy Primakov, Soviet presidential aide, by unidentified NHK reporter in Tokyo, from the "NHK News 21" program; recorded earlier on 15 February; Primakov speaks in Russian, with superimposed Japanese translation; following is from the Japanese]

[Text] [Primakov] I have known President Husayn for 22 years. I know well how he thinks. I firmly believe that if I ask President Husayn what he chooses, complete surrender or a fight to the end, he would certainly respond that he would continue the war. It is necessary for us to strongly push President Husayn to pull his troops out of Kuwait. However, we must not push him to make the withdrawal of his troops from Kuwait a complete surrender. I have talked with President Husayn on three occasions, and his responses have changed during these talks. At the second talks, in particular, I realized that a political solution is possible and felt that progress can be made. During the talks, he made remarks expressing his enthusiasm regarding finding a way out of the present situation. However, this bright prospect depends upon the direction in which the present sitution moves. If a large-scale ground battle broke out today, conditions sought by us for ending the war will change. Our moves alone cannot decide everything. Regarding the question of Iraqi withdrawal from Kuwait, President Husayn is issuing propaganda-like statements. These statements make us feel that Iraq will not pull out of Kuwait. However, this is nothing but one aspect of things. I believe that the propaganda means everything. I do not think that Iraq will never withdraw from Kuwait under specific conditions.

[Announcer] This has been an exclusive interview with Soviet special envoy Primakov, who arrived in Japan today. Mr. Primakov held talks with President Husayn 3 days ago. During the talks, Mr. Primakov conveyed to President Husayn Soviet plans for mediation. After listening to President Husayn's response to the plans, he flew to Moscow to report to President Gorbachev.

In the interview, Mr. Primakov repeatedly said: Next week, or 17 February, Iraqi Foreign Minister Tariq 'Aziz will visit Moscow for talks with President Gorbachev, bringing Iraqi proposals with him. At the talks, the Iraqi side will put forth the details of a proposal. Mr. Primakov added that at the present stage, he cannot reveal the details of talks he held with the Iraqi side. However, he said that there is a light of peace. He repeatedly said that at the talks with President Husayn, he felt the president was enthusiastic regarding a political solution. Mr. Primakov added: Regarding the question of Iraqi withdrawal from Kuwait, it is not necessary to take the Iraqi propaganda at face value. In other words, President Husayn is repeatedly contending that he has no intention of pulling his troops out of Kuwait. However, this is propaganda, and his true intentions lie elsewhere. The president might hold the card of withdrawal.

Arbatov on Military Influence, Gulf Situation

OW1502062491 Tokyo NHK General Television Network in Japanese 1234 GMT 14 Feb 91

[Interview with Georgiy Arbatov, director of the United States of America and Canada Institute of the Soviet Union and a deputy to the People's Congress, by NHK newscaster Hatsuhisa Takashima in Tokyo on the morning of 14 February; the interview is conducted in English with the Japanese translation provided in subtitles; the first and last paragraphs are Takashima's introduction and closing remarks; from the "NHK News 21" program]

[Text] [Takashima] Mr. Georgiy Arbatov, director of the United States of America and Canada Institute of the USSR Academy of Sciences who is also a deputy to the People's Congress, is currently visiting Japan. Since his appointment as director of the USA and Canada Institute during the early years of the Brezhnev era until now, Mr. Arbatov has been a close foreign policy adviser, particularly in mapping out Soviet policy toward the United States. Recently, he has been the center of attention because of his appointment as member of the policy consultative council of Mr. Yeltsin, leader of the reformists.

[Begin recording] [Arbatov] I think that perestroyka was most successful in the foreign policy field, and one of the greatest achievements was not simply the improvement of relations between the Soviet Union and the United States, but success in fighting the Cold War. I cannot imagine that it will return to the old Cold War situation. I think, it is my opinion, that we are beyond the point of no return. [Video briefly cuts to show footage of Soviet military repression in Lithuania, Red Square military parade]

[Takashima] How strong is the influence of the military circles as an influential voice in Mr. Gorbachev's foreign policy and also national security policy now?

[Arbatov] You know, without doubt it is a strong force, and you know, not in a very primitive sense that these generals are a source of a coup d'etat or something like this. But you have to have in mind that there are a million workers working in defense industries. So, if you cut off the money and resources, you will have hundreds of thousands or millions of unemployed. And these workers are a political force; they influence opinion. This is a country which felt more than any other country in the world—maybe—what a war means, with tremendous losses during the Second World War. Therefore, they really supported, basically, what was done by Gorbachev and Shevardnadze. At the same time now, you see a counterattack from the right also against the military, the foreign policy, and what was done in the military field. I think we will be able to get over it. [Video briefly cuts to footage of the latest Gorbachev-Bush meeting, signing of documents at the November CSCE session]

[Arbatov continues] It is not only our guilt, you know. I would say that the opportunity—brilliant opportunity—opened by the new thinking and by Gorbachev was not used in a proper way by the West. We did away with the Warsaw Pact. What did we hear from the other side? That NATO should go on and should continue for an indefinite time, et cetera. So our generals said: Look what they are doing; not a single military program of the United States was dismantled. I think that we not only carry the burden of guilt but that it got slower. Also the West has taken a part for it. But I hope it is a very temporary, a short-lived setback, and we will go on soon with it. [Video briefly cuts to footage of Iraqi invasion of Kuwait, allied bombing of Iraq]

[Takashima] The reason why Mr. Gorbachev has kept a distance from the way the multinational forces are acting is that the military-industrial complex of the Soviet Union really wanted to reestablish strong ties with the Iraqi regime. [sentence as heard]

[Arbatov] It is post-Afghanistan syndrome, which is very fresh in the minds of people. Though there were some—you know—volunteers who were ready to go there, overall the mood is that we have done, that we remember what it means, that we should not lose our people, our young people, in a new war which is far away from our country which does not mean defense of our country. And after the war, what will happen after the war? Will the Americans remain there? Will it become a region saturated with military weapons and very close to our borders? This was partially expressed also by militaries [as heard], but not only by militaries. And the third is certain sympathy toward Iraq. You know, some people cannot overcome that he was our friend for many years. There are some voices of this kind, including the militaries, that we are on the wrong side of it, which is completely wrong. [end recording]

[Takashima] When I interviewed Mr. Arbatov in Tokyo this morning, I asked him about Soviet mediation in the Gulf war. He did not give any details, saying he did not have any concrete information. However, on what will be required following a truce, Mr. Arbatov noted efforts by the international community to tackle the Palestine issue and measures not only by the Soviet Union but also Western nations to limit arms supply to the Middle East and Gulf countries. On the need for these measures, Mr. Arbatov, while acknowledging the Soviet sale of Scud missiles to Iraq, noted that it was Western technology that extended the range of the missiles to reach Israel and Saudi Arabia. He stressed that for this very reason, it should be clear why measures to limit arms supply, not only by the Soviet Union but also by Western nations, are needed.

Kaifu on Analyzing Iraq's 'True Intentions'

OW1502161091 Tokyo KYODO in English 1500 GMT 15 Feb 91

[Text] Tokyo, Feb. 15 KYODO—Prime Minister Toshiki Kaifu said Friday Iraq has imposed so many conditions for pulling out of Kuwait that it is difficult to know Baghdad's true intentions. He told reporters Japan will continue to analyze the situation and watch the reactions of other nations.

Iraq in a statement released in the name of the ruling Revolutionary Command Council said it is willing to comply with U.N. Security Council Resolution 660, which calls on Iraq to immediately and unconditionally withdraw from Kuwait. The statement, broadcast by Radio Baghdad, linked Iraq's withdrawal, however, to an Israeli pullout from occupied Arab territories, as well as the departure of U.S.-led allied forces from the Persian Gulf.

Asked about how the development would affect Japan's 9 billion dollar contribution to the U.S.-led war effort, Kaifu signaled the money would remain available, even if peace is achieved. He cited economic recovery of the region and cleaning up the massive oil spill as areas where the money could be used.

Kaifu reiterated a four-point plan unveiled in parliament Thursday as an outline for Japan's role in the region after peace is restored. The scheme calls for holding an international peace conference, and attention to environmental issues, arms control, and economic recovery.

Kaifu said he plans to assemble key cabinet members at his official residence to analyze the situation.

Sakamoto on 'Clue for Peace', Iraqi Pullout

OW1502122691 Tokyo NHK General Television Network in Japanese 1200 GMT 15 Feb 91

[Text] Commenting on a Baghdad Radio report that Iraq will pull its troops out of Kuwait at a press conference held this evening, Chief Cabinet Secretary Sakamoto said: It will be good if the report on the Iraqi withdrawal from Kuwait is true. A clue for peace is found and a prospect for peace will be open.

Further on Sakamoto Remarks

OW1502134991 Tokyo KYODO in English 1325 GMT 15 Feb 91

[Text] Tokyo, Feb. 15 KYODO—Japan will examine whether Iraq has reached a definite decision to withdraw from Kuwait, but will welcome it if the latest Iraqi announcement leads to a real withdrawal, officials said Friday.

Japan responded cautiously after Radio Baghdad reported a statement saying Iraq has agreed to withdraw from Kuwait, but linked to a pullout of Israel from occupied Arab territories.

Chief Cabinet Secretary Misoji Sakamoto said, "If this is true, then it is a fine thing. It would lead to peace and a bright future." The chief cabinet spokesman declined to comment on whether the Japanese Government would revise its pledge of an additional 9 billion dollars in financial assistance to the U.S.-led coaltion of forces fighting Iraq. He said only that it is not appropriate to answer a hypothetical question because the situation is still unclear.

Officials said Japan hopes for a withdrawal of Iraqi troops from Kuwait as early as possible and for a reinstatement of the legitimate government in Kuwait.

Baghdad Radio quoted a Revolutionary Command Council statement as saying Iraq has decided to accept the U.N. Security Council Resolution 660 which calls for a complete and unconditional withdrawal of Iraqi troops from Kuwait.

A Foreign Ministry official said the announcement represented the first time Iraq has explicitly expressed willingness to withdraw from Kuwait. The official appraised the statement as an "unprecedented and major development." But he said it appeared that Baghdad might be attaching unacceptable conditions to its acceptance of U.N. Resolution 660, which states that Iraq should "withdraw immediately and unconditionally all its forces" from Kuwait. He said President Saddam Husayn appears to be making Iraqi withdrawal conditional on three things: a comprehensive cessation of hostilities, an Israeli withdrawal from occupied Palestinian territories, and an end to Syrian intervention in Lebanon.

The official noted that Japan had forewarning that something might be in the works when Soviet emissary Yevgeniy Primakov indicated he was given the strong impression during his visit to Baghdad on Monday that Iraq was ready to make concessions. The official said Husayn's remarks appear to be in line with the conciliatory tone of the Iraqi leader in a speech made on February 10, which appeared in a Jordanian newspaper the following day.

Japanese Foreign Minister Taro Nakayama reacted to the news of a possible Iraqi withdrawal by holding emergency consultations with Prime Minister Toshiki Kaifu, officials said.

No SDF Planes to Gulf Without Jordan's Consent

OW1502133591 Tokyo KYODO in English 1205 GMT 15 Feb 91

[Text] Tokyo, Feb. 15 KYODO—Prime Minister Toshiki Kaifu said Friday Japan will not send Air Self-Defense Force [ASDF] transport planes to the Middle East to evacuate refugees from the Persian Gulf war unless Jordan agrees to accept the planes.

The prime minister said it is necessary for Jordan to allow ASDF transport planes to land there, together with a request from one of the international aid organizations to transport refugees. He said the dispatch of ASDF planes to the Middle East is in line with the ideals of the war-renouncing Constitution as it would be a humanitarian action, not a military one.

Kaifu made the remarks when replying to a question from Social Democratic Party Diet member Takatoshi Fujita at the special House of Representatives budget committee session on the Gulf war.

Defense Agency Director General Yukihiko Ikeda, in reply to a question from Japanese Communist Party Dietman Mitsuo Higashinaka, said the agency currently has no concrete plan to send ASDF transport planes to the Middle East.

LDP To Cut Defense Spending for Gulf Aid

OW1402144791 Tokyo KYODO in English 1432 GMT 14 Feb 91

[Text] Tokyo, Feb. 14 KYODO—The ruling Liberal Democratic Party (LDP) on Thursday decided to trim fiscal 1991 government expenditures, including defense spending, by 200 billion yen to finance part of Japan's 9 billion dollar (1,190 billion yen) additional assistance for the U.S.-led multinational forces fighting in the Persian Gulf, party officials said.

The governing party also decided to drop a plan to increase cigarette taxes as one means of raising revenue for the additional financial contribution to the Gulf war.

The fiscal 1991 budget, presented to the Diet on January 25, calls for spending a total of 70,347 billion yen, which includes 4,387 billion yen for defense.

LDP Secretary General Ichiro Ozawa and three other key party officers made the decision in an effort to win support from Komeito, the no. 2 opposition party, to ensure a swift Diet approval for government plans for the additional assistance. Komeito and the Democratic Socialist Party, both centrist parties, have basically endorsed the government scheme. Komeito, however, has strongly demanded that part of the funds be raised through government efforts to reduce its expenditures, especially defense outlays.

Three other opposition parties—the no. 1 opposition Social Democratic Party (formally the Japan Socialist Party), the Japanese Communist Party, and the United Social Democratic Party—are opposed to the 9 billion dollar additional contribution.

The government initially planned to submit to the current Diet session later this month a bill aimed at issuing bonds and raising the petroleum, corporate and tobacco taxes to finance the additional contributions.

To gain Diet approval for the government bill, Komeito's backing is vital, particularly in the House of Councillors where the LDP's strength falls short of a majority. The government will have to revise the fiscal 1991 budget bill to implement the LDP's decision to cut expenditures.

On January 31, the government of Prime Minister Toshiki Kaifu announced a scheme to temporarily increase taxes on corporate income, petroleum and cigarettes to finance the 9 billion dollars. The plan would double petroleum taxes from 2.04 yen per liter to 4.08 yen, and increase the 3.126 yen tax on each cigarette by 0.5 yen, or a total of 10 yen for each packet. The program also called for imposing a 3.2 percent surcharge on corporate income taxes.

The cabinet agreed the government would issue short-term bonds to raise the money, and then redempt them over the next year through the tax hikes, described in a government statement as aimed at "restoring peace" in the Gulf region.

Of the 9 billion dollars or roughly 1.19 trillion yen, the surcharge on corporate income taxes was expected to account for 5.9 billion yen, petroleum taxes for 4.6 billion yen, and tobacco tax 1.4 billion yen.

Meanwhile, Finance Minister Ryutaro Hashimoto suggested on Thursday that Japan may provide further financial support for the coalition forces in the event of the Gulf war not ending by the end of March. Hashimoto told a House of Representatives Budget Committee session the time may come for Japan to make further contributions to the forces if the war drags on.

Kaifu Approves LDP Plan

OW1502072091 Tokyo KYODO in English 0656 GMT 15 Feb 91

[Text] Tokyo, Feb. 15 KYODO—The ruling Liberal Democratic Party (LDP) on Friday formally decided to raise almost half of its promised 9 billion dollar Persian Gulf war aid from sources other than tax increases, party officials said.

The measure is aimed at gaining support from the second-largest opposition party, Komeito, in getting Diet approval for a package of bills on the war contribution, political sources said.

The government has promised to contribute 9 billion dollars, 1.19 trillion yen, to the U.S.-led coalition fighting Iraq. The new plan will be designed to raise 500 billion yen without tax increases.

Prime Minister Toshiki Kaifu approved the LDP plan in a meeting of government and party leaders, the officials said. The government will hold a cabinet session later in the day to formally set the plan. Finance Minister Ryutaro Hashimoto has hinted he will accept the LDP decision.

The party plans to earmark 200 billion yen in nontax revenue in a fiscal 1990 supplementary budget for the aid and raise 300 billion yen by trimming expenditures in fiscal 1991, the officials said. The party decided to cut defense spending by 100 billion yen and will drop a plan to increase cigarette taxes as one means of raising money for the contribution. The 70,347 billion yen budget for fiscal 1991, presented to the Diet in January, includes 4,387 billion yen for defense.

Two centrist opposition parties, Komeito and the Democratic Socialist Party, have said they appreciate the LDP decision. Komeito holds the swing votes in the House of Councillors, where the LDP does not have a majority. The two opposition parties have basically supported the financial assistance to the allied forces in the Persian Gulf. Komeito, however, has demanded that part of the funds be raised through government efforts to cut expenditures, especially defense outlays.

Three other opposition parties—the leading Social Democratic Party (formerly the Japan Socialist Party), the Japanese Communist Party, and the United Social Democratic Party—are opposed to the government aid plan. The LDP will urge the opposition to cooperate in the plan in meetings with opposition leaders later in the day, officials said.

A package of bills that will allow the government to issue national bonds and raise some taxes to fund the aid is expected to pass the Diet in early March with support from Komeito and the DSP, political sources said.

The government approved a scheme on January 31 to raise the 9 billion dollars by increasing taxes for one year on corporate income, petroleum, and cigarettes, and by issuing short-term bonds.

The government initially planned to double petroleum taxes from 2.04 yen a liter to 4.08 yen. Under the new plan, petroleum taxes will go up 1.02 yen a liter and corporate taxes will go up 2.5 percent, instead of the originally planned 3.2 percent, in addition to the basic rate of 37.5 percent.

Hashimoto Accepts LDP Decision

OW1502045491 Tokyo KYODO in English 0429 GMT 15 Feb 91

[Text] Tokyo, Feb. 15 KYODO—Finance Minister Ryutaro Hashimoto Friday indicated he accepts the ruling Liberal Democratic Party's [LDP] decision to revise the fiscal 1991 government budget proposal to pay for additional financial aid to the Persian Gulf multinational forces.

"I'm not concerned with form," the finance minister told a press conference after a cabinet meeting. "What is important is that we make the best out of everything."

The government has pledged to pay 9 billion dollars to the U.S.- led allied forces fighting Iraq in the Persian Gulf war.

In an effort to appease Komeito, the country's No. 2 opposition party, the LDP decided to revise the budget proposal so that part of the funds would be raised by cutting fiscal 1991 expenditures by 500 billion yen. The revision includes a plan to slash 100 billion yen from the defense budget for the next fiscal year, which begins in April 1, 1991.

The original LDP proposal to obtain all funds by hiking taxes on corporations, petroleum, and tobacco, and through a bond issue, met with strong opposition from Komeito, which had demanded a defense spending cut in the fiscal 1991 state budget, as well as other opposition parties. The revised budget proposal now is expected to get swift Diet approval with support from the Lay Buddhist Party, which has a deciding vote in the House of Councillors, where it has 20 seats.

Of the total of 252 seats, the LDP falls short of a simple majority with only 113, although it has a stable majority in the House of Representatives.

Hashimoto said the LDP must submit a proposal clarifying how the budget revision will affect spending plans in other areas. He emphasized that the revision should not be considered the same as past ones because it is being made for "an extraordinary circumstance called war."

Kaifu, Cabinet To Undertake 10% Salary Cut

OW1502043491 Tokyo KYODO in English 0419 GMT 15 Feb 91

[Text] Tokyo, Feb. 15 KYODO—Prime Minister Toshiki Kaifu and the 20 members of his cabinet are to undertake a self-imposed 10 percent salary cut in hopes of garnering public understanding for proposed tax increases designed to cover funds already pledged to the U.S.-led multinational forces in the Gulf war, government officials said on Friday.

The move followed discussions between Kaifu and his ministers after a regular Cabinet meeting.

Kaifu and the 20 ministers unanimously agreed to a 10 percent cut in their monthly wages to the state treasury each month for one year beginning next April, said the officials, adding that the total monthly amount to be contributed by the ministers will come to about 3.1 million yen, giving a yearly total of 37.2 million yen.

Prime Minister Kaifu earns 1,981,000 yen monthly, while the other state ministers each receive 1,447,000 yen.

The government has pledged to extend an additional 9 billion dollars in support of the U.S.-led multinational forces fighting against Iraq in the Persian Gulf war. The government proposes to cover the financial contribution to the U.S.-led alliance by raising oil and corporate taxes for a one-year period beginning next April.

Gulf Aid Debates Continue, People Less Concerned

OW1502075691 Tokyo KYODO in English 0602 GMT 15 Feb 91

[By Keiichi Hirose]

[Text] Tokyo, Feb. 15 KYODO—Politicians are continuing lengthy debates on Japan's contribution to allied efforts in the Persian Gulf war, but the Japanese people appear less concerned about the war than they were about the Vietnam war.

In the Diet, discussions focus on Japan's 9 billion dollar additional aid package to the U.S.-led allied force fighting Iraq and a government proposal to send military transport planes to evacuate war refugees from the Gulf region.

On the streets, only small, sporadic antiwar demonstrations have been reported in the country since the coalition forces began air strikes on Iraq and Kuwait January 17. The Japanese, however, watch the war every day on live television broadcasts from the Middle East.

During the Vietnam war, antiwar sentiment ran high in Japan, where U.S. troops sallied forth from bases in Okinawa and other areas of Japan. This time, American troops did likewise, particularly from Okinawa.

The current Diet debate follows Prime Minister Toshiki Kaifu's abortive attempt last fall to enact a United Nations Peace Cooperation Bill allowing the country to send noncombat troops, transport planes, and supply ships from the Japanese Self-Defense Forces (SDF) to assist in international peacekeeping operations in the Gulf. Kaifu and his ruling Liberal Democratic Party are pushing ahead a plan to send SDF's C-130 transport aircraft to shuttle between Egypt and Syria or Jordan to evacuate refugees fleeing the war. There are many voices critical of the government move among law academics, however.

If the plan is realized, it would be Japan's first military deployment abroad since World War II, and would break a postwar ban against overseas troop deployments under its war-renouncing Constitution.

The Kaifu cabinet promulgated an ordinance giving the SDF a new mission to transport refugees and evacuees fleeing the Gulf war, without obtaining consent of the Diet. The ordinance is based on a provision which allows the SDF to transport domestic and foreign dignitaries as well as "others designated by government ordinance."

Saying cash aid to the allied forces and frontline Gulf countries hard hit by the war is not enough, Kaifu describes the sending of Air Self-Defense Force planes to the area as Japan's "physical international contribution." He says it is important for the country to make such a contribution to "avoid isolation of Japan in the world community." However, opposition parties, especially the Social Democratic Party (formerly the Japan Socialist Party) and the Japanese Communist Party, blast the proposal as a "grave violation" of the Constitution, which bans the use of force as a means of settling international disputes. The opposition says it will set a dangerous precedent irreversibly leading to Japan's substantial military deployment abroad in the future.

Toshihiro Yamauchi, professor of law at Tokyo's Dokkyo University, says the government move is unconstitutional because it challenges the authority of the Diet as the supreme organ of state power. As refugee relief officials in the Middle East suggest that ground and sea transport are better, Yamaguchi says, Japan should extend assistance to refugees through the safest possible means. Otherwise it ends up as only forced kindness for its own sake, he said. Yamauchi said the Japanese had reached a consensus last November when the U.N. Peace Cooperation Bill was killed in the Diet.

Another academic on legal affairs, Takashi Ebashi, professor at Tokyo's Hosei University, says Japan should try other peaceful options, instead of one-sidedly handing money to U.S.-led forces, if it wants to make a real contribution to peace-keeping operations in the Gulf. For ordinary Iraqis and many other Muslims, Japan's billions of dollars worth of aid only means more bombardments and subsequent piles of casualties, he said.

An expert on military affairs, Tetsuo Maeda, says Kaifu's tactic resembles the 1980 ordinance which paved the way for the SDF to join the U.S.-led "Rimpac" naval drill off Hawaii, in defiance of a constitutional restraint on joining collective defense organizations. "This time it's never a drill. We are standing at the point of no return, about to cross the rubicon, abandoning the Constitution and its war-renouncing policy," Maeda said.

"Once a commitment is started, one gradually becomes hardly able to question what Japan can and cannot transport near the front under the name of international contribution," he warned. He says he suspects Japan, along with Germany, might eventually be drawn into demands by the United States to substantially help meet the logistics needs of a war half way around the world.

"This war has a potential to be widened into a chemical or nuclear warfare, and we'd better once again remind ourselves of being both a hell-causing aggressor in the war and the first nuclear bomb victims," Maeda says. He added he also sees lingering emotions against Japan among Asians who suffered wartime Japanese atrocities. C-130 planes require two to three refueling stops on the way to the Gulf, and those would have to be stops in Asia.

Kaifu on Postwar Economic Cooperation in Mideast

OW1502084991 Tokyo NHK General Television Network in Japanese 0300 GMT 15 Feb 91

[Text] Following yesterday's deliberations, the Diet continues its intensive debate on the Gulf issue at the lower house Budget Committee session. Prime Minister Kaifu reiterated that Japan would cooperate in a positive way in promoting economic reconstruction and also in ensuring everlasting peace in the Middle East after the Gulf war ends.

Mr. Takatoshi Fujita of the Social Democratic Party of Japan, who took the floor for interpellations this morning, questioned how the Japanese Government would pursue its future diplomacy so as to bring about an early truce in the Gulf and to achieve everlasting peace in the Middle East and the Gulf area.

In response, Prime Minister Kaifu stated that Japan, for its part, would provide its cooperation mainly through the United Nations so as to bring about a truce as soon as possible, and that Japan hopes for a settlement based on the principle that Iraq will withdraw from Kuwait. He then stated that in his opinion, a phased settlement through talks on the Middle East crisis, including the Palestine issue, would lead to everlasting peace in this region. Japan would like to promote international coordination through such channels as economic reconstruction for achieving everlasting peace, restoration of an environment that has been damaged by oil spillage from Iraq, and control of arms transfer to the Middle East. By saying so, Prime Minister Kaifu reiterated that Japan would cooperate positively in promoting economic reconstruction and also in ensuring everlasting peace after the end of the Gulf war.

Nicaraguan Paper Reports on Chamorro Visit

PA1402180891 Managua LA PRENSA in Spanish 12 Feb 91 pp 1, 12

[Text] The Japanese Foreign Ministry today issued the following statement:

The Japanese Prime Minister greeted Nicaraguan President Violeta Barrios de Chamorro on 11 February and stressed that she is the first Nicaraguan President to officially visit Japan.

President Chamorro was greeted at the Akasaka Palace by the Prime Minister and members of his cabinet. President Chamorro's presence has been mentioned in the major Japanese newspapers and she has received a warm welcome from the country's people. The streets are decorated with Nicaraguan and Japanese flags.

The Nicaraguan president's visit to Japan is part of a tour that President Chamorro started here this week to seek more international support to rebuild Nicaragua's economy.

The presidential mission's main objective is to obtain support from Japan, the EEC member countries, Germany, and Czechoslovakia in its efforts to cover overdue payments for the $350 million debt that Nicaragua has with international financial institutions. Nicaragua is expecting an answer from the donor countries at the next meeting it will attend with the international organizations on 25-26 March in Washington.

The first working meeting between President Violeta Chamorro and Prime Minister Toshiki Kaifu took place at the Akasaka Palace on the night of 11 February and lasted over an hour.

The Japanese prime minister, accompanied by his most important ministers and by Japanese Ambassador to Nicaragua Yoshizo Konishi, recognized President Chamorro as a symbol of democratization in Central America and expressed his recognition of the efforts of the Nicaraguan Government to strengthen democracy and rebuild the nation.

The Japanese Government stated its willingness to actively help in this effort and to strengthen relations of economic and technical cooperation between the two countries.

Prime Minister Kaifu reviewed the cooperation granted by Japan thus far and stressed the new beginning of relations between Nicaragua and Japan, which were interrupted between 1979 and 1989.

Japan announced to President Chamorro that this new stage begins with a financial cooperation grant for over $15.5 million and the extension of another $7 million to resume export insurance, to establish a $20 million line of credit, cultural cooperation intended to ease the acquisition of equipment for educational and cultural programs for Sistema Nacional de Television, and scholarships—all within the reestablishment of the Japanese-Nicaragua Parliamentary Friendship League [Liga Parlamentaria de Amistad Japon-Nicaragua].

The Japanese Government, in recognition of the Nicaraguan Government's effort to achieve economic structural modifications, has manifested its intention to actively participate in the March meeting in Washington D.C. intended to resolve Nicaragua's $350 million debt to international organizations. Prime Minister Toshiki Kaifu reasserted his government's support—as part of the second stage of aid—by granting medium-term and long-term loans, thereby contributing toward creating an appropriate trade and investment climate in Nicaragua.

Japan's foreign policy dictates that this nation should undertake a leading role in the international community with regard to its economic power, thereby more greatly contributing toward resolving international problems.

Previously Japan had directed all its efforts toward strengthening its economy, however now it considers itself as having acquired the responsibility of an economically powerful nation.

The Japanese Government endorsed—through the United Nations—the CIAV's [International Commission of Support and Verification] tasks in Nicaragua, by participating as an observer in the Nicaraguan elections. This is the first time in its history that Japan has participated in such an event, thereby reflecting a change in policy over past years.

The Japanese Government has also told the Nicaraguan Government of its interest in helping it—within the framework of regional support—by undertaking an initiative to create a Japan-Central America Joint Committee [Comite Conjunto Japon-Centroamerica]. This committee's goal would be to discuss and promote political relations, as well as cooperation among the nations of the region.

In September 1987, after the signing of the Equipulas Agreements, Japan put forth its Central America policy during then Foreign Minister Tadashi Kurani's visit to Guatemala.

Since then, Japan has established regional cooperation through multinational banks and the Japanese Government, emphasizing as its top priority the strengthening of democracy, freedom of speech, party pluralism, constitutional guarantees, and human rights. Japan suggested that its economic support for Nicaragua was based on the peace attained there by President Chamorro.

Government To Hold Talks With DPRK 11 Mar

OW1502111891 Tokyo KYODO in English 1057 GMT 15 Feb 91

[Text] Tokyo, Feb. 15 KYODO—Japan and North Korea will hold a second round of talks on normalizing diplomatic relations in Tokyo begining March 11, the Japanese Foriegn Ministry said Friday.

The ministry said the meeting, expected to last two days, is part of efforts to work out differences impeding the establishment of diplomatic ties between the two countries.

The talks will focus on the issue of compensation for postwar losses Pyongyang says had been inflicted upon Korean people, ministry officials said.

The first round of full normalization talks was held in Pyongyang on January 30-31, but the talks ended with the two sides far aparts on key issues.

Police Arrest Passenger Behind Airline Bomb Hoax

OW1502082791 Tokyo KYODO in English 1451 GMT 14 Feb 91

[Text] Narita, Chiba Pref., Feb. 14 KYODO—Police on Thursday arrested a man who allegedly claimed he had a bomb, forcing a United Airlines (UAL) jumbo jet to turn back to Narita Airport earlier in the day.

Hiromu Kato, 48, from Takatsuki, Osaka Prefecture, is suspected of violating the antihijacking law by obstructing the operation of a civilian airliner, police said. The law carries a maximum punishment of 10 years' imprisonment.

Kato, the chief of a construction office, was a passenger on the UAL flight, bound for San Francisco with 316 people on board. He showed an inflated paper air-sickness bag to a flight attendant, saying "this is a bomb" in English, about two hours after the plane took off from Narita on Wednesday night, according to the police.

The stewardess reported Kato's remark to the captain, who decided to return to Narita halfway during the flight without telling the passengers there had been a bomb threat. The plane landed safely at Narita shortly before 1 A.M. Thursday. The suspect told the crew several times that it was "a joke" and that there was no bomb, but the crew put the air-sickness bag in a metal container and the plane headed back to Japan, police said.

Kato, flying as an economy class passenger, was seated in the first-class area surrounded by crew members on the way back to Narita. The passengers who were forced back to Japan stayed overnight at an airport hotel before leaving again for San Francisco on a UAL flight Thursday afternoon, airport officials said.

PAJ Official Objects to Oil Tax Hike Plan

OW1502101491 Tokyo KYODO in English 1509 GMT 14 Feb 91

[Text] Tokyo, Feb. 14 KYODO—The head of the Petroleum Association of Japan (PAJ) on Thursday reiterated his objections to the government plan to increase the petroleum tax to finance part of its 9 billion dollars extra contribution to the U.S.-led multinational forces in the Persian Gulf, by pointing out reports from foreign trade journals and a senior Saudi official's opposition.

PAJ President Yasuoki Takeuchi made the remark at a press conference.

He said the U.S. oil trade journal, PETROLEUM INTELLIGENCE WEEKLY (PIW), and the Cypriot trade journal, MIDDLE EAST ECONOMIC SURVEY (MEES), in their latest issues, criticized the proposed tax increase on the grounds that it would curb oil consumption.

Takeuchi also said a senior Saudi Arabian Oil Ministry official voiced strong dissatisfaction with the tax hike plan.

He said he would continue to press the government and the ruling Liberal Democratic Party to drop the plan.

Crude Steel Production Increases From Last Year

OW1402131191 Tokyo KYODO in English 1230 GMT 14 Feb 91

[Text] Tokyo, Feb. 14 KYODO—Japan's crude steel production increased 3.9 percent to 9,528,000 tons in January from a year earlier, for the sixth straight month of year-on-year growth, the Japan Iron and Steel Federation said Thursday.

It was the fourth consecutive January in which production has reached the 9 million ton level. The last peak recorded in January was 9,648,000 tons in 1980.

Production by converter furnace increased 2.8 percent to 6,669,000 tons, while that by electric furnace increased 6.5 percent to 2,858,000 tons.

Ordinary steel production increased 3.4 percent to 7,836,000 tons and specialty steel production 6.3 percent to 1,692,000 tons.

Advertising Expenditures Increase in 1990

OW1402133391 Tokyo KYODO in English 1152 GMT 14 Feb 91

[Text] Tokyo, Feb. 14 KYODO—Buoyed by the booming economy and brisk personal spending, advertising expenditures in Japan grew 9.7 percent in 1990 from a year earlier to 5,564.8 billion yen, Dentsu Inc. said Thursday. The total sum represents 1.30 percent of Japan's gross national product, or the largest share on record, the world's largest advertising agency said.

Outlays for advertisements in newspapers, magazines, and on radio and television totaled 3,571.4 billion yen, up 8.9 percent from a year before, while those for direct mailing and inserted bills amounted to 1,981.5 billion yen, up 11.1 percent, Dentsu said. Money spent on advertising through cable television and other new media grew at a faster pace, rising 25.3 percent to 11.9 billion yen.

Agricultural machinery and civil engineering machinery makers, unpopular among students, spent more on help-wanted ads, bringing total advertising expenditures in the industrial machinery industry up a hefty 54.1 percent.

Mirroring the leisure boom and brisk consumer spending, advertising outlays by the service-leisure industry showed a 15.8 percent gain, while those by automakers and related parts makers rose 13.3 percent, the same rise marked by home appliance and leisure-related concerns.

Computer Display Makers Deny U.S. Charge

OW1502081491 Tokyo KYODO in English 0721 GMT 15 Feb 91

[Text] Tokyo, Feb. 15 KYODO—Japanese computer display makers denied Friday the U.S. Commerce Department's preliminary ruling that they are dumping high information content flat panel displays in the American market.

Reacting to the department's action, one industry official, who asked to remain anonymous, said "We are selling displays at appropriate prices in the United States. There is no case of dumping."

The preliminary ruling against Hosiden Corp., Matsushita Electronics Corp., Sharp Corp., Toshiba Corp., and other Japanese firms was made on the allegation that they were dumping flat panel displays with thin film transistors and color liquid crystal. These displays are essential to laptop personal computers and other products.

Since there are few U.S. manufacturers who have mass production expertise in this field, the U.S. market depends largely on supplies from Japan, industry sources said. Japanese makers would be forced to raise the prices of video displays in the American market if the Commerce Department imposes a dumping duty on Japanese displays, the sources said. The ruling also could be damaging to the U.S. computer industry, which relies heavily on Japanese displays for their products, they said.

U.S. computer makers are moving to as the department [as received] to avoid dumping duties, the sources said. They quoted John Sculley, chairman of Apple Computer Inc., as saying he will urge the government to forego imposing penalties on the Japanese displays.

MITI Views Computer Chip Cooperation With U.S.

OW1402133491 Tokyo KYODO in English 1159 GMT 14 Feb 91

[Text] Tokyo, Feb. 14 KYODO—The Ministry of International Trade and Industry (MITI) will propose continuing the current cooperation with the United States to boost Japan's imports of foreign computer chips after the bilateral semiconductor agreement expires in July, a MITI official said Thursday.

MITI will table the proposal at a bilateral meeting to discuss the chip pact to be held Thursday in Washington, said the official, who refused to be identified. But MITI will refuse any commitment in a new pact to replacing the current accord with one guaranteeing a certain share of the Japanese chip market to foreign makers, as the U.S. is demanding, the official said.

Senior MITI officials have hinted Tokyo will accept a new semiconductor agreement, but made it clear they will not concede to the U.S. chip industry's call for a promise of a certain market share for foreign makers. MITI will seek U.S. agreement on the share issue by showing a positive attitude toward expansion of chip imports, he said.

Under the current import-boosting program, Japanese users—mainly electronics makers—have submitted to U.S. chip makers lists of semiconductors used in their products with a view to helping them enter the market for consumer electronics chips. Chip industries of both countries have also set up a special committee to cooperate in developing chips for high-definition television sets.

The program also includes Japanese automakers' efforts to increase the foreign share in their chip procurements, technological tie-ups, and Japanese missions to the U.S. to buy U.S.-made chips. MITI will argue these cooperative efforts will virtually secure a steady growth of the foreign share of the Japanese chip market, the official said.

Target Share Request Rejected

OW1502030691 Tokyo KYODO in English 0152 GMT 15 Feb 91

[Text] Washington, Feb. 14 KYODO—Japan on Thursday rejected a U.S. request to specify a market share target in a new bilateral semiconductor agreement, a Japanese trade official said. He said the United States asked Japan to discuss a target market share for foreign chips within the Japanese market and an antidumping pledge in the course of negotiations on a "new framework" or agreement.

The new agreement will replace the 1986 semiconductor pact which expires at the end of July. A memorandum accompanying the present accord set the target share at 20 percent of the Japanese market.

During the daylong meeting here, however, American official negotiators conveyed to their Japanese counterparts the American industry's desire to be assured a share of at least 20 percent under the new agreement. The U.S. presentation was designed to carefully avoid the impression that Republican President George Bush's administration is adopting "managed trade" in the semiconductor business. Many Democrats on Capitol Hill favor such a "managed trade" approach, seeing it as a way to compete effectively with Japan and the 12-nation European Community.

Japan called on the U.S. to end the punitive 100 percent tariffs on 164 million dollars worth of laptop computers, which have been in place since April 1987 following Japan's alleged failure to give the U.S. full access to the Japanese market. The share of foreign chips in Japan in the third quarter of last year totaled 13.1 percent, according to world semiconductor trade statistics. The Japanese Ministry of International Trade and Industry put the foreign share during the same period at 17.9 percent.

Fujitsu Announces Gate Array, SRAM Developments

OW1202212891 Tokyo KYODO in English 1402 GMT 12 Feb 91

[Text] Tokyo, Feb. 12 (KYODO)—Fujitsu [words indistinct] said Tuesday it has success in developing what it calls the world's largest scale high electron mobility transistor (HEMT) 45-kilobit gate array.

In addition, the company has created the fastest large-scale integrated circuit (LSI) memory—HEMT 64 kilobits of static random access memory (SRAM).

The company is introducing both achievements to the International Solid-State Circuit Conference, going on this week in San Francisco, company officials said.

The gate array and SRAM are based on a formula for HEMT the company developed in 1980 and bills as the next-generation electronic element.

HEMTs are different from conventional electronic devices because they have spatial divisions between sectors, allowing electrons to transfer at very high speed, the officials said.

The company has concentrated on applying HEMTs to high-speed computers.

The newly developed gate array has 45,000 gates of array for logic cells, which is the largest scale at present. It has a basic delay time of 35 picoseconds, which is twice as fast as conventional gate arrays. A picosecond is one-trillionth of a second.

The HEMT 64-kilobit SRAM has a typical address access time of 1.2 nanoseconds (one-billionth of a second) at room temperature. This is four times faster than the fastest conventional silicon-based ones.

The new gate array can operate in a normal forced-air cooling environment, so it is comparable to conventional ones, the company officials said.

Fujitsu Develops Experimental Josephson Computers

OW1302101791 Tokyo KYODO in English 0824 GMT 13 Feb 91

[Text] Tokyo, Feb. 13 KYODO - Fujitsu Laboratories Ltd. said Wednesday it has developed an experimental hybrid Josephson device/semiconductor computer that achieved an operating speed of 1.1 gigahertz (1.1 billionth of a second)—10 times faster that conventional microprocessor technology.

The company jointly developed the system with Toyo Sanso Co. and Shinko Electric Industries Co.

Fujitsu and its partners devised a cryostat, or refrigeration system, which uses a Josephson device immersed in a liquid helium-cooled container and gallium arsenide semiconductors stored at room temperature.

The new system used input/output cables which pass through the vessel's side walls rather than through the top of the flange to connect the Josephson devices and outside semiconductors.

This reduced the cable length to 24 millimeters compared with several meters for conventional systems aa well as the propagation delay—the time it takes for a logic signal to travel in a series of devices connected by an electric wire.

Josephson devices are next generation superfast electronic devices that have been in development for use in high-speed computers.

The combination of semiconductors and Josephson devices holds great promise for the development of high-speed computers in the future, officials said.

In addition, the computer maker said it has developed the first 24-bit carry select adder that uses Josephson junction devices.

The new device achieves a speed of minimum addition time of 360 picoseconds—nine times faster than existing complementary oxide semiconductor (cmos) devices. A picosecond is one-billionth of a second [as received].

The company will introduce both achievements at the international solid-state circuits conference, going on this week in San Francisco, officials said.

Fujitsu Announces Development of New DRAM Chip

OW1402042991 Tokyo KYODO in English 0403 GMT 14 Feb 91

[Text] Tokyo, Feb. 14 KYODO—Fujitsu Ltd. said Thursday it has developed a 64-megabit dynamic random access memory (DRAM) chip using for the first time ever a special ultraviolet-ray photo-etching technique.

The chip, with an access time of 40 nanoseconds—40 billionths of a second—comprises over 140 million elements such as transistors and capacitors, company officials said.

Sample shipments of the 64-megabit DRAM will begin in 1993 or 1994, the officials said.

Fujitsu did not announce any sample prices for the new memory devices.

A DRAM is a memory device used to hold data in computers, office automation systems, and audio-video equipment.

A single 64-megabit dram can hold information equivalent to about 256 pages of an english-language newspaper like THE NEW YORK TIMES, a volume that would require 16 4-megabit DRAM chips.

Fujitsu researchers designed the 11.27 millimeter by 19.94 millimeter square chip using 0.4 micron complementary metal oxide semiconductor (CMOS) technology, the officials said.

Fujitsu will introduce its achievement at the International Solid-State Circuits Conference in San Francisco this week, they said.

Toshiba Corp., Mitsubishi Electric Corp., and Matsushita Electric Industrial Co. will also announce their test-manufactured 64-megabit chips at the conference.

Companies Announce DRAM Development

OW1402110491 Tokyo KYODO in English 1015 GMT 14 Feb 91

[Text] Tokyo, Feb. 14 KYODO - Three more Japanese semiconductor makers followed Fujitsu Ltd. in announcing Thursday they have developed a 64-megabit dynamic random access memory (DRAM) chip.

Toshiba Corp., Matsushita Electric Industrial Co., and Mitsubishi Electric Corp. were to announce their developments at the international solid-state circuits conference (ISSCC) currently going on in San Francisco.

All four companies packed about 140 million elements such as transistors and capacitors onto a 1 centimeter by 2 centimeter square chip, they said.

A DRAM is a memory storage device used in computers, office automation equipment, and audio equipment.

The new device has four times the memory capacity of 4-megabit DRAMs available at present and can store data equivalent to 256 pages of Japanese newspaper text per chip, company officials said.

Last year, Hitachi Ltd. announced its development of a 64-megabit DRAM, which it used electronic beam technology to construct.

Although Fujitsu and Mitsubishi used I-line stepper phase-mask technology, an ultraviolet ray photo-etching technique, to construct their chips, Toshiba and Matsushita opted to select an excimer laser technology.

Toshiba's DRAM is reported to be the smallest of the bunch at 176 square millimeters, industry sources said.

The new devices are exepected to have applications for electronic still cameras, compact computers, and audio taperecorders among others.

Toshiba Develops 'Fastest' 4-Megabit Memory Chip

OW1302124591 Tokyo KYODO in English 1002 GMT 13 Feb 91

[Text] Tokyo, Feb. 13 KYODO—Toshiba Corp. said Wednesday it has developed the world's fastest 4-megabit dynamic random access memory (DRAM) chip that can read and write individual bits of information in just 17 billionths of a second.

Toshiba researchers made their announcement at the international solid-state circuits conference being held in San Francisco this week, offficials said.

The 52.6 square millimeter chip incorporates two amplifiers between the data input and output circuits to boost read and write speeds, officials said.

Toshiba researchers used a 0.6-micron complementary metal oxide semiconductor (CMOS) technique to build the dense chip, officials said.

Mongolia

State of Health Precludes Tsedenbal Trial

OW1502093791 Ulaanbaatar International Service in English 1200 GMT 13 Feb 91

[Text] The former Mongolian party and state leader Yumjaagiyn Tsedenbal cannot stand trial. Such a conclusion is drawn by a Mongolian medical commission which was set up on December 27th 1990 following a joint decision by the Prosecutor's Office and the Health Ministry of Mongolia.

On January 18th 1991 the commission visited the former Mongolian leader in his home in Moscow and conducted a medical checkup on the health condition of Mr. Tsedenbal in the presence of representatives of the Mongolian Prosecutor's Office, the Mongolian Embassy in Moscow, Tsedenbal's wife, and his personal physician.

Minister Signs Agreement To Join World Bank, IMF

OW1502031691 Tokyo KYODO in English 2346 GMT 14 Feb 91

[Text] Washington, Feb. 14 KYODO—Mongolia simultaneously joined the World Bank and the International Monetary Fund on Thursday.

Mongolian Finance Minister Ayursaniyn Badzarhuu signed agreements with the World Bank, making Mongolia the bank's 155th member.

Mongolia also won membership in the International Development Association and the International Finance Corporation.

Vice President Returns From USSR Visit

OW1502093891 Ulaanbaatar International Service in English 1200 GMT 13 Feb 91

[Text] Vice President of Mongolia and Chairman of the State Small Hural, Mr. Gonchigdorj, returned home on Tuesday after completing his working visit to Hungary, Austria, and the Soviet Union. At Ulaanbaatar airport he told newsmen that the purpose of his visit was to inform the leaders of these countries about the first efforts of democratization and reconstruction in Mongolia and exchange with them views on issues of developing cooperation and friendly relations.

According to the vice president, Austria and Hungary were highly interested in the drastic changes in Mongolia. He said that there are Austrian firms which want to build small enterprises in this country.

First Vice Premier Returns From Switzerland

OW1502061491 Ulaanbaatar International Service in English 1200 GMT 13 Feb 91

[Text] A Mongolian Government delegation, led by first vice premier, Mr. Ganbold, has also returned home from Switzerland, where it attended the world economic forum. According to Mr. Ganbold, the delegation's participation in the forum gave it ample opportunity to establish direct ties, not only at intergovernmental level, but also establish personal contacts with businessmen and bankers, and make gentlemen's agreements with them.

During its stay there, the Mongolian delegation met with the Swiss President Koller, Norwegian Prime Minister Brundtland, and other important personalities. Mr. Ganbold announced that a preliminary understanding has been reached with the leadership of the Canton of Geneva on cooperation at governmental level.

Reportage on Vice President's Visit to Austria

WA1302131891

For reportage on the visit of Vice President Radnaasumbereliyn Gonchigdorj to Austria, including a report on his talk with Austrian President Kurt Waldheim, please see the Austria section of the 12 February West Europe DAILY REPORT and subsequent issues.

North Korea

Daily Lauds North-South Joint Sports Agreement

SK1502051991 Pyongyang KCNA in English 0440 GMT 15 Feb 91

[Text] Pyongyang February 15 (KCNA)—NODONG SINMUN in a commentary today says the agreement reached between the North and the South of Korea on forming North-South unified teams to participate in the 41st World Table Tennis Championships and the 6th World Youth Soccer Championships at the fourth inter-Korean sports talks is the first of its kind in the history of the division of nearly half a century and in the history of inter-Korean sports talks for nearly 30 years. It is a great event as good as achievement of reunification in the sports field and an event worthy of welcome by the entire fellow countrymen as another reunification festival.

The news analyst says:

When the North and the South participate in major international games as unified teams, it will no doubt rejoin the severed national bonds of sportsmen of the North and the South, demonstrate to the whole world the resourcefulness and sports technique of our nation and its might and greatly contribute to promoting national reconciliation and unity and accelerating national reunification.

The agreement reached between the North and South of Korea on forming unified teams to participate in major international games is a precious fruition of the just and realistic reunification policies of our party and the government of our Republic and our sincere efforts.

We have made consistent efforts to form unified teams to participate in international games as a homogeneous nation through contacts between sportsmen of the North and the South for nearly 30 years from the first days of the division of the country caused by the U.S. imperialists' occupation of South Korea.

The matter of forming North-South unified teams had not been solved mainly because the South side intentionally had created complexity and obstacles in the way of the talks, insisting on "exchange first and then unified teams". But the talks have succeeded as our side has put forward most reasonable and realistic proposals, made sincere efforts for a success of the talks and made broad-minded concessions and showed magnanimity fully accepting the demands of the South side.

The commentary stresses the need for the South side to approach with sincere attitude and stand the work of guaranteeing the participation of unified teams in games in the future in keeping with the ardent desire of the fellow countrymen for national reunification.

U.S., South Refuse To Cease 'War Exercises'

SK1502050691 Pyongyang KCNA in English 0419 GMT 15 Feb 91

["Unending War Exercises Against North"—KCNA headline]

[Text] Pyongyang February 15 (KCNA)—The U.S. imperialists and the South Korean rulers do not cease from their war exercises against the North, according to military sources.

On February 13, the U.S. imperialists brought formations of F-16 fighter-bombers from their aggressive bases in the Pacific to the sky above Kunwi and Nyoju for the "Team Spirit 91" joint military exercises and let them stage one more provocative aerial war game aimed at mounting a preemptive strike at strategical in-depth targets of the northern half of Korea in coordination with formations of fighter-bombers and assault planes belonging to the puppet airforce such as F-4, F-5 and A-37.

On the same day, they deployed formations of Pacific-based A-10 assault planes in the Osan air base, which kicked up a row staging for long hours an exercise for deployment from the Osan to the Kunsan air base in case of "emergency" together with formations of F-16 fighter-bombers belonging to the U.S. Seventh Airforce.

They brought a Kadena-based E-3A AWACS plane to South Korea that day and let it make a shuttle flight from the east to the west in the sky above the military demarcation line to commit electronic reconnaissance on targets in the depths and broad areas of the northern half of Korea and, at the same time, command flying corps mobilized in an aerial war game.

On the same day, the South Korean puppets massively drove ground units to Tongduchon, Uijongbu and Pochon to incite a war fever with a ground attack exercise resembling a real war for long hours with the support of some 50 F-16 and F-5 fighter-bombers.

The number of planes mobilized in the aerial war games in the sky above South Korea on February 13 alone totalled more than 850.

Korea-Iran Association Marks Islamic Anniversary

SK1502063791 Pyongyang KCNA in English 0416 GMT 15 Feb 91

[Text] Pyongyang February 15 (KCNA)—The Committee for Cultural Relations With Foreign Countries and the Korea-Iran Friendship Association arranged a friendship gathering on February 14 on the occasion of the 12th anniversary of the victorious Islamic Revolution in Iran.

Iranian Ambassador to Korea Hassan Dabir and his embassy officials were invited to the gathering.

Present on the occasion were O Mun-han, vice-chairman of the Committee for Cultural Relations With Foreign Countries, and other officials concerned.

The participants watched a Korean feature film and had a chat in a friendly atmosphere.

Korean, Chinese Students Celebrate New Year

SK1502063691 Pyongyang KCNA in English 0418 GMT 15 Feb 91

[Text] Pyongyang February 15 (KCNA)—A friendly get-together of Korean and Chinese students was held at the Ongnyu Restaurant Thursday evening on the occasion of the Lunar New Year.

Chinese students studying in Korea and students here were present at the gathering.

Also on hand were officials of the Chinese Embassy and functionaries of universities here.

Words of greetings were exchanged there.

Students of the two countries deepened their feelings of friendship, singing and chatting with each other.

Kim Chong-il Birthday Remembered Throughout North

North 'Significantly Celebrating'

SK1502152791 Pyongyang KCNA in English 1501 GMT 15 Feb 91

[Text] Pyongyang February 15 (KCNA)—The Democratic People's Republic of Korea is significantly celebrating the holiday of February when dear Comrade Kim Chong-il was born.

Art performances, sports games and other colorful functions are being held in Pyongyang and local cities, organs, industrial establishments and rural communities.

The first Korean film festival and the "Paektusan Prize" sports tournament opened in Pyongyang.

A large number of working people and youth and students across the country are visiting the old home of Comrade Kim Chong-il at the Mt. Paektu secret camp, the Changsan revolutionary site and other historical places.

Working people are effecting innovations in production on the occasion of the holiday of February.

Power stations under the power industry commission are daily turning out more electricity than planned.

Colliers of the Kocham coal mine and the February 8 Chikdong youth coal mine are these days fulfilling their daily plan at 110 percent.

The October 13 Chongnyon smeltery is registering a record high in the production of nonferrous metals since its commissioning.

The Chongsu chemical plant is carrying out its plans of fertilizer and carbide production respectively at above 170 percent and 180 percent as against the same period last year.

Soldiers Send Pledge Letter

SK1502052791 Pyongyang Domestic Service in Korean 2300 GMT 14 Feb 91

[Text] The dear leader Comrade Kim Chong-il received a pledge letter from the officers and men of No. 525 army unit of the Korean People's Army [KPA]. The officers and men of No. 525 army unit of the KPA held a resolution meeting, pledging their burning loyalty in resolutely crushing the enemy's new war provocation maneuvers, in coping with the prevailing situation, and in defending the socialist fatherland like a fortress. They respectfully gave a pledge letter to the dear leader comrade. The pledge letter says that all the hearts of the officers and men of the army unit are filled with the burning desire with one mind to protect and defend the great leader and the dear leader comrade at the cost of their lives, and to defend the socialist fatherland in the face of any fierce storm. It notes that, today, the U.S. imperialists and other imperialists are viciously maneuvering to demolish the socialist countries from within and are committing armed invasion against sovereign states without hesitation. It notes that the U.S. imperialists and the South Korean puppets are bringing into South Korea numerous aggression forces from the U.S. mainland and from their aggression bases in the Pacific, and are frenziedly conducting the provocative Team Spirit-91 joint military exercise. However there will always be victory and glory in the future of us who are upholding the dear leader comrade and advancing united in one mind around him. Furthermore, the enemy's scheme for northward invasion will fail. This is the firm will and practicable truth of all of us who have been raised to be the commanding personnel of the revolution, receiving the noble political life by being raised in the bosom of the dear leader comrade.

The pledge letter says that the dear leader Comrade Kim Chong-il, military genius and outstanding military strategist, gives us the commanding personnel the strong courage and wisdom to fight for the honor of chuche Korea, and continues:

The dear leader comrade wisely has led us, though he is so busy leading the Korean revolution, in the struggle to implement the party's military line and to crush the enemy's provocation maneuvers since the 1970's, when the enemy began the Team Spirit joint military exercise, until the present. While personally visiting our training sites, he fostered our strategic and tactical knowledge and elucidated the fundamental principles and methods to complete the People's Army's preparedness for battle.

Truly because we have the dear leader comrade's great political trust and outstanding leadership, we have consistently been able to cherish our invariable mind in following the party. We have resolutely defended our party's military ideology and military strategic and tactical policies and devoted our body and mind to implement the party's military policy.

We, who cherish more than ever the demand of the prevailing situation and the mission of the revolutionary fighters, have received as our firm faith the dear leader comrade's valuable remarks that the revolutionary weapon which we firmly hold should never shake under any circumstances. We will live as a loyal man and dutiful son who thinks and acts throughout his life according to the idea and will of the respected and beloved comrade and supreme commander, and will become a fortress and shield which firmly protects and defends the dear leader comrade with arms.

Furthermore, with the present situation of instigation by the U.S. imperialists and other imperialists—and with modern revisionists and opportunists abandoning the revolution's principles, denying the leader's position and the party's leadership role, and maneuvering to block the party from exercising its leadership over the army—we will trust in the dear leader comrade with all our hearts and minds. We will do this in the face of any severe wind and complete the People's Army's preparedness for battle with our strength and in our own style under the dear leader comrade's leadership.

The pledge letter says that the officers and men of the army unit will study and complete various strategic plans and warfare based on the chuche strategic and tactical ideas and original chuche warfare which the respected and beloved supreme commander elucidated perfectly. They will thoroughly prepare themselves for battle in conformity with the characteristics of modern warfare and the reality of our country. It says that while keenly observing every movement of the enemy on the ground, in the air, and on the sea, they will certainly defeat it if it flings itself upon them. The pledge letter continues:

We will further intensify the training to further enhance our operational battle organization and commanding ability under the slogan "Training is also a battle" made by the dear leader comrade. We will prepare the entire army to be the battle ranks in which one man is a match for one hundred of the enemy.

In conformity with the prevailing situation, we will live more vigilantly, we will thoroughly embody the method of commanding and managing the unit of the anti-Japanese guerrilla style, we will ensure that all the soldiers voluntarily abide by the strict discipline and order, and we will establish a rigorous system of order and command in the unit so that the entire army will move exactly according to the order of the respected and beloved supreme commander comrade.

The pledge letter notes that the officers and men of the army unit are filled with firm resolve to further intensify the battle and political training. They will fulfill their duty as the revolutionary fighters as if they were soldiers standing in the trenches at the forefront with sharp bayonets fixed to rifles, waiting for death-defying battle with the enemy. It continues:

We will continue the struggle with the conviction that there is glory on the road of upholding the dear leader comrade with loyalty and that victory is at the end of the road of following him to the end of the world. As the anti-Japanese revolutionary fighters protected and defended the general at the cost of their lives, crying out "Long live the great Comrade Hanbyol" at the initial period of the Korean revolution, so we will keep crying out loudly "Long live the dear leader Comrade Kim Chong-il," and will decorate the nineties as the shining era of fatherland reunification and invite the great leader and the dear leader comrade to the reunification plaza.

The pledge letter finally notes: We feel helpless and regret that we are unable to relieve the dear leader comrade of his hard work, as the dear leader comrade works each day as another would for 10 or 20 days and still works through the night. We keep regarding the office of the party center, and wish the dear leader Comrade Kim Chong-il long life and good health for the ultimate victory of the chuche revolutionary cause.

Various Foreign Functions Held

*SK1502152891 Pyongyang KCNA in English
1505 GMT 15 Feb 91*

[Text] Pyongyang February 15 (Kcna)—Functions were held in various countries on the occasion of the birthday of dear Comrade Kim Chong-il.

The Asian Regional Institute of the Chuche Idea (ARIJI) held a seminar on the subject "Dear His Excellency Kim Chong-il Is a Prodigy of Ideology and Theory, Genius of the Revolution and Construction and True Father of All the People".

The general secretary of the ARIJI in his report stressed that the Korean people have become able to brilliantly carry forward and accomplish the revolutionary cause of chuche as they hold the dear leader Comrade Kim Chong-il in high esteem.

He, the general secretary said, formulated the revolutionary ideas of the great leader President Kim Il-song and set forth new theories and strategies and tactics on the revolution and construction by publishing many works to indicate the way of struggle of the world people for independence.

The dear leader is further exalting the unique socialist system of chuche established in Korea by wisely leading the Korean people, he said.

The Bangladesh film study centre held a Korean film show, and a function "Evening of Culture" was held under the sponsorship of the Nepal-Korea Friendship Association in Kathmandu, Nepal.

Cuban Envoy Holds Reception

*SK1502105291 Pyongyang KCNA in English
1022 GMT 15 Feb 91*

[Text] Pyongyang February 15 (KCNA)—Cuban Ambassador to Korea Juan Jose Leon Vega gave a reception at his embassy Thursday evening on the occasion of the holiday of February.

Invited there were Yon Hyong-muk, member of the Political Bureau of the Central Committee of the Workers' Party of Korea and premier of the Administration Council, Kim Yong-sun, secretary of the WPK Central Committee, and other officials concerned.

Juan Jose Leon Vega said in his speech that he was deeply pleased to celebrate the birthday of the dear leader of the Korean people Comrade Kim Chong-il together with Korean comrades.

Dear Comrade Kim Chong-il is devoting his all to providing the Korean people with a happier life, he noted, and continued:

Signal development has been made in construction, agriculture, transport, light industry, national defence and all other spheres under his guidance.

Comrade Kim Chong-il is developing and enriching the revolutionary ideas of the great leader of the Korean people Comrade Kim Il-song and wisely leading the people to the struggle for occupying high peak of socialism.

Noting that the South Korean puppets are staging the "Team Spirit 91" joint military exercises in disregard of the proposal for national reunification put forward by the great leader in his New Year address, he declared that the Cuban people fully support as ever the freshly packaged proposal for national reunification advanced by Comrade Kim Il-song.

The Cuban and the Korean people will continue upholding the banner of socialism in the Western Hemisphre and in the East, he said, adding: This is of weighty importance in developing closer relations of friendship between the parties, governments and peoples of the two countries.

Yon Hyong-muk said in his speech that sitting together with Cuban comrades made him think once again of the exceptional pride and honor of the two peoples in making revolution under the guidance of great leaders.

The Korean and the Cuban people are dynamically advancing under the unfurled banner of socialism without the slightest vacillation under the grim circumstances where they are in direct confrontation with the U.S. imperialists and the world reactionaries are directing the sharp edge of the spearhead of their attack at them because they are guided by great leaders, he said, and went on:

The U.S. imperialists are resorting to vicious manoeuvrings to stifle socialist Cuba, regarding it as a thorn in their flesh. The heroic people of Cuba, however, rallied close around Comrade Fidel Castro, their supreme commander, are defending their country like an impregnable fortress and speeding up socialist constructwn with redoubled vigor, thus bringing new changes in economic, cultural, ideological, moral and all other realms.

Yon Hyong-muk stressed that the two parties and two peoples remaining faithful to the revolutionary principle will always advance and win victory together in firm unity.

* Kim Chong-il's Agriculture Letter Commemorated

912C0093A Pyongyang NODONG SINMUN in Korean 15 Dec 90 p 2

["A Central Symposium Marks the Fifth Anniversary of the Publication of Comrade Kim Chong-il's Letter 'On Further Strengthening the Work of the Agricultural Workers Union'"]

[Text] Pyongyang 13 December (KCNA)—A central symposium marking the fifth anniversary of the publication of the letter of the dear Comrade Kim Chong-il **"On Further Strengthening the Work of the Agricultural Workers' Union [AWU],"** was held in the Cultural Palace of the People on 13 December.

The symposium was attended by AWU Central Committee Chairman Pak Su-tong and functionaries of branches concerned including those of the AWU from various parts of the country.

Speakers at the symposium were: Yi Chong-won, vice chairman of the AWU Central Committee; Dr. Kim Yang-che, professor and vice president of Kumsong Political College; Pak Se-hyok, deputy chief editor of the Mass Organizations Publishing House; M.A. Chu Ho-chun, deputy department head at the National Economy Institute; Choe Ran, chairman of the Pyongyang City Committee of the AWU; and M.A. O Tae-ho, assistant professor and researcher at the Academy of Social Science. Respectively, they spoke under these titles: "The letter of the dear Comrade Kim Chong-il **'On Further Strengthening the Work of the AWU,'** is a programmatic document that brought about a fundamental turnaround in the AWU work in consistency with the requirement for converting society to the chuche ideology"; "The letter of the dear Comrade Kim Chong-il is an immortal classical masterpiece synthesizing theories concerning the building of peasant organizations under socialism"; "The ideology enunciated by the dear Comrade Kim Chong-il on vigorously waging the three revolutions—ideological, technological and cultural—is a programmatic guideline for the AWU to firmly adhere to in its struggle to hasten the complete implementation of the thesis on the agrarian question"; "The ideology enunciated by the dear Comrade Kim Chong-il on organizing and mobilizing agricultural workers into struggles for increased farm production, is a guiding principle for the AWU to adhere to in developing agricultural productivity and bringing the superiority of our rural economic system into full play"; "The ideology enunciated by the dear Comrade Kim Chong-il on consolidating AWU's organization and enhancing its function and role, is a firm guarantee for the AWU to fulfill its mission and responsibility honorably as the implementer of the thesis on the agrarian question"; and "On the theoretical, practical significance of the letter of the dear Comrade Kim Chong-il 'On Further Strengthening the Work of the AWU.'"

The speakers stressed that the letter **"On Further Strengthening the Work of the AWU"**—which the dear Comrade Kim Chong-il sent to AWU functionaries in a seminar held on 14 December 1985—is an immortal library to bring on a new epochal turnaround in the AWU work in accordance with the requirement for converting society to the chuche ideology, as well as a great ideological, theoretical weapon for AWU organizations and functionaries to hold on to steadfastly.

They noted that the letter elucidated anew the character and responsibility of the AWU in the light of the new demands of the developing revolution, the AWU's principle of activity, and major tasks in further strengthening the AWU work as well, as ways and means to accomplish them. Thus, they said, the letter provided an ideological, theoretical weapon for strengthening and developing the AWU into a true revolutionary organization infinitely faithful to the party and the leader. It clearly showed the way for the AWU to successfully discharge its honorable responsibility in the fulfillment of the chuche revolutionary cause, they said.

Comrade Kim Chong-il, member of the Standing Committee of the Political Bureau of the WPK Central Committee and secretary of the party Central Committee, pointed out:

"The AWU performs an indoctrinator-organizer-mobilizer-type function and role by indoctrinating and organizing millions of peasants, bringing them to firmly unite around the party, and by spurring them to vigorous struggles for accelerated socialist rural construction and increased agricultural production."

The speakers said that one of the important thoughts enunciated in the letter is the one about organizing and mobilizing AWU members and agricultural workers energetically into the struggle for the implementation of the thesis on the socialist agrarian question.

They noted that on the basis of a scientific analysis of the pressing demands of our times and the agrarian questions in our country, the dear Comrade Kim Chong-il in the letter defined it as the fundamental work of the AWU to actively spur agricultural workers to the implementation of the **thesis on the socialist agrarian question in our**

country. This, they emphasized, established a classical formula clarifying most scientifically the struggle goal and the central task of the AWU in consistency with the demand for the fulfillment of the chuche revolutionary cause.

The letter clearly listed basic jobs for AWU organizations to perform. This, they pointed out, enabled AWU organizations and functionaries to march forward vigorously with a firm guideline, a mighty ideological, theoretical weapon for eliminating—as shown by the thesis—the difference between the urban and rural areas and the difference between the working class and the peasantry, thereby resolving the agrarian question once and for all.

Another important thought enunciated in the letter is about organizing and mobilizing the broad masses of agricultural workers into struggles for increased farm production. Doing so, they said, is an important duty of the AWU as the party's transmission belt and assistant.

On the basis of the thought that strengthening the chuche of the revolution is a decisive factor in, and a fundamental guarantee for, the fulfillment of the chuche revolutionary cause, the letter, they noted, elucidated the theory of solidifying the sociopolitical life formed by the leader, the party, and the masses of people into an invincible one by consolidating the rural positions of our party and strengthening the revolutionary forces in every possible way.

They explained, with proof, that the letter fully answered questions about tasks facing the AWU in successfully fulfilling its responsibility, as well as questions on methods to accomplish them.

The speakers expounded the fact that the letter of the dear Comrade Kim Chong-il **"On Further Strengthening the Work of the AWU"** fully demonstrated its validity and invincible vitality in the past five years since its publication, and that its ideological, theoretical truth and originality are being established even more vividly as the revolution and construction deepen.

In conclusion, they spoke emphatically about contributing positively to accelerating the ultimate attainment of the chuche revolutionary cause by deeply studying and mastering the creative ideological theories on the building of the AWU as clarified in the letter, by conducting the AWU work in a more creditable manner, and by thus turning all the AWU organizations into more militant organizations.

Indoctrination of Members in Party Policy Stressed

SK1302061491 Pyongyang Domestic Service in Korean 0009 GMT 11 Feb 91

[NODONG SINMUN 11 February editorial: "Let Us Further Strengthen Indoctrination in Party Policy Among Party Members and Working People"]

[Text] Our party constantly has put forward correct ideological theories and policies in keeping with the demands of the era and revolutionary development. It has also victoriously advanced the revolution and construction. We should further deepen the indoctrination work to firmly arm the party members and the working people with our party's ideological theory and policy, and we should vigorously accelerate socialist construction.

Dear leader Comrade Kim Chong-il has noted: We should more practically carry out indoctrination in the party policy. Therefore, we should lead all party members and the working people to deeply understand the validity and vitality of our party's line and policy, and lead them to display high revolutionary enthusiasm and creative positiveness so as to carry out our party's line and policy.

Our party's line and policy are strategy and tactics for the revolution and construction and guideline for struggle. Only when we firmly arm the party members and the working people with our party's ideology and policy, can they think and act according to the party's ideology and intention at any time and at any place, and can they carry out the revolutionary struggle and construction work according to the demands of the chuche idea.

After all, the purpose of strengthening the major forces of the revolution lies in leading the popular masses to thoroughly carry out the ideology, theory, and policy of the party by upholding the leadership of the party and the leader. The work of firmly arming the party members and the working people with the party's line and policy is a noble work which trains them into genuine chuche-type communist revolutionaries.

Our party's ideology and theory are ideological and mental pabulum for maintaining and glorifying the political life of the chuche-type revolutionaries. Only when the party members and the working people are armed with the ideology of the party and the leader, can they firmly set up the chuche-based outlook on revolution, and can they be ideologically linked with the party.

As the people can maintain their physical life by eating food, so the chuche-type revolutionaries can share their fate of life and death with the party only by constantly making the party's ideology and theory their own bones and flesh.

Arming the party members and the working people with the party's line and policy is an important demand for leading all of them to think and act according to the party's intention. The imperialists resort to the so-called strategy of peace transition and more viciously conduct ideological and cultural infiltration than ever before.

Such being the case, only when the party members and the working people are firmly armed with our party's ideology and theory can they sharply penetrate into the essence of the imperialists' moves and uncompromisingly wage struggle against the imperialists. In addition, they can think and act only in tune with the heartbeat of the party at any time and at any place.

The work of arming the party members and the working people with the party's ideology and theory is an important guarantee for constantly effecting upsurge in socialist construction, by bringing into full play their revolutionary enthusiasm and creative positiveness.

The tasks facing us this year are very heavy and enormous. However, if the party members and the working people are firmly armed with both the party's ideology and the theory and wage struggle, according to the party's demand, the enormous tasks this year can be brilliantly carried out. Miracles and exploits can be constantly created.

Concrete tasks to effect upsurge in socialist construction are put forward in our ideology, theory, line, and policy of our party. If the party members and the working people are firmly armed with the party's ideology and theory by strengthening indoctrination in the party's policy among them, the work to firmly give priority to the domains which are in the forefront of the national economy,and to normalize production at high level,can be brilliantly settled.

In addition, the task to further improve the people's material and cultural life according to socialist demands can be splendidly carried out.

As the party organizations face heavy tasks, they should further strengthen the work to arm the party members and the working people with our party's ideology and theory.

Important in arming the party members and the working people with our party's ideology and theory is to lead them to deeply understand the vitality and validity of the party's ideology and theory.

Chuche, ideology, theory, and method have been comprehensively embodied in our party's ideology and theory. All the noble achievements and experiences which our people have gained in arduous and complex struggles under the party's leadership are widely and deeply summed up there. In addition, the basic principle, strategy, and tactics, which we should regard as guidelines, have been comprehensively elucidated.

Included in particular in our party's ideology and theory are correct struggle strategy and tactics to complete our revolution to the end by upholding the banner of the revolution and socialism.

Only when everyone is firmly armed with the party's ideology and theory can he be confident of the validity and success of the revolutionary cause. He can be filled with the fighting spirit to carry out the revolution with the party to the end.

The party members and the working people should more deeply cherish in their minds the greatness of dear leader Comrade Kim Chong-il who has brilliantly completed our revolutionary cause by putting forward the most correct ideology, theory, and policy.

The party organizations should concentrate great efforts on getting the working people to understand the validity of the party's ideology and theory in principle and in their life.

Socialism successfully has been advanced in our country which stands in direct confrontation with the U.S. imperialists. This is clear proof of the validity and invincible vitality of our party's ideology and theory which have embodied the chuche idea.

The party's organizations should lead the party members and the working people to deeply understand the superiority of our country's socialism, in which the party's ideology and theory are brought into blossom in reality. By so doing, they should lead the party members and the working people to learn the party's policy with confidence.

All party members and working people should take infinite pride and confidence in carrying out the revolution with the most correct ideology and theory, and they should vigorously fight on along the road put forward by the party.

To firmly arm the party members and the working people with the ideology, theory, and policy of our party, we should strengthen their study of the party's document.

The classical works of the great leader and documents of dear leader Comrade Kim Chong-il are most valuable classics that our party members and working people always should study deeply. This is because they are an encyclopedia embodying the truth about the revolution and construction. In addition, they are a collection of books on the chuche idea. The party organizations should carry out the work to study the classical works among the party members and the working people.

In particular, with the focus on systematically and deeply studying the documents published by dear leader Comrade Kim Chong-il, the study on the party's policy should be promoted.

By so doing, all the party members and working people should deeply understand ideology and theory put forward by the party's documents. They should learn not only the essence and core, but also the principle and method which arise in carrying out the party's ideology and theory.

It is important to carry out the work to firmly arm the party members and the working people with the party's ideology and theory by closely linking with practical activities. The purpose of strengthening the study to arm them with the party's ideology and theory is to lead the party members and working people to deeply learn and thoroughly carry out the party's ideology and theory.

Therefore, when we study a principle and proposition, it should be made our faith and used in carrying out the revolution.

The practical success, which is effected in carrying out the party's policy, is an important yardstick showing the degree of study to firmly arm the party members and working people with the party's ideology and theory.

The party organizations should thoroughly conduct the indoctrination work to arm them with the party's ideology and theory by closely linking with the plan to carry out the party's policy. By so doing, the party members and the working people should be led to resolutely wage struggle to carry out the party's policy with high revolutionary and fighting spirit.

Today, turning out to a general march campaign to create heroic exploits and miracles, while upholding the great leader Comrade Kim Il-song's New Year address, is the expression of the genuine-type revolutionaries who arm themselves with the party's policy and think and act only according to the policy.

The party organizations should positively arouse the party members and working people to devote all their wisdom and strengths to carrying out the party's important policies and tasks, including rapid development of prior domains of the national economy, major construction program, and land cultivation.

Along with this, all domains and units should, above all, properly study the party's policy related to their domains. They should concentrate all efforts on carrying out the tasks and work to arm the party members and working people with the party's ideology and theory through various forms and methods.

The party organizations should press ahead with the studies of (?each region), individual dialogue, and various propaganda works which are aimed at arming the party members and working people with the party's ideology and theory, in keeping with their specific conditions and degree of preparation.

In addition, all domains and units should conduct the study to deeply understand the classical works of the great leader and the ideology of the party's documents through discussions.

The work to firmly arm the party members and the working people with our party's ideology and theory is the most important work to bring up as genuine chuche-type communist revolutionaries. Thus, this is a responsible work assigned to the party organizations at every level.

The party organizations should more aggressively carry out the work to arm the party members and the working people with our party's ideology and theory in keeping with the demand of the development of reality.

Compilation of KCNA Press Reviews Published

For 14 February

SK1402075391 Pyongyang KCNA in English 0520 GMT 14 Feb 91

[Text] Pyongyang February 14 (KCNA)—Papers here today report that Dietrich Bukowski, newly-appointed Ambassador E. P. of the Republic of Austria to Korea, presented his credentials to the great leader President Kim Il-song.

NODONG SINMUN carries news that a solidarity message came to Comrade Kim Il-song, general secretary of the Central Committee of the Workers' Party of Korea and president of the Democratic People's Republic of Korea, from Jose Francisco Aguilar Bulgarelli, general secretary of the Popular Force organized in Costa Rica, and a letter to him from a soldiers' meeting of the November 14 mechanized brigade of the People's Revolutionary Armed Forces of Guinea-Bissau in support of his proposal for national reunification by means of confederation.

The paper conveys South Korean public voices hailing and supporting the proposal for reunification by means of confederation advanced by President Kim Il-song.

Comrade Kim Chong-il received a floral basket and a congratulatory letter from the military attaches corps in Pyongyang, says the press.

Papers report that copies of a literature expressing reverence for dear Comrade Kim Chong-il were scattered at Korea University in Seoul on the occasion of the February holiday.

On this occasion working people from all parts of the country are visiting revolutionary sites to learn from the noble intention and revolutionary feats of Comrade Kim Chong-il, according to the press.

NODONG SINMUN informs the readers that an article explaining Comrade Kim Chong-il's work "The Workers' Party of Korea Organizes and Guides All the Victories of Our People" was reported by the Cuban paper TRIBUNA and the Proletarian Radio of the Movement of Peace and Socialism of Italy.

It is reported in the paper that thanks of the Central Committee of the Workers' Party of Korea was conveyed to cities and counties which had set examples in the work for further improving the people's living standards.

Papers carry news that a national seminar was held to deeply study the greatness and immortal feats of our party.

The Seychellois president met the Korean foreign minister, says the press.

NODONG SINMUN editorially calls for dynamically stepping up socialist construction with a high pride in being led by the great party.

Econews of papers include reports about the vigorous drive of the "April 15 Technical Innovation Shock Brigade" in all sectors and units of the national economy and about farming preparations on cooperative farms.

Papers give an account of the opening of the first Korean film festival in Pyongyang.

Papers inform the readers that Premier Yon Hyong-muk sent a message of sympathy to his Afghan counterpart for heavy losses in human lives and property caused by an earthquake and flood in Afghanistan.

The Maltese president, the president of the Sri Lanka Freedom Party, the president and the general secretary of the Communist Party of Nepal (Marxist-Leninist) met with the DPRK ambassadors to their countries, says NODONG SINMUN.

Papers give accounts of meetings held at industrial establishments in the northern half of Korea to denounce the "Team Spirit 91" joint manoeuvres being staged by the U.S. imperialists and the South Korean ruling group and report that our side at the 459th meeting of the Military Armistice Commission demanded an immediate halt to the manoeuvres.

Echoed in the press are world public voices condemning the manoeuvres.

Papers report about the struggle of workers of Daewoo Shipyard on Koje Island and unionists of the Daewoo auto company in Inchon of South Korea.

Given in NODONG SINMUN is an account of an international symposium for support to the reunification of Korea held in Nepal.

It is reported in the paper that the world public strongly demands the immediate release of Yim Su-kyong, the "flower of reunification", who participated in the Pyongyang festival as the only representative of "Chondaehyop".

Papers give an account of a meeting of teachers of Japan held to demand the elimination of national discrimination and early normalisation of the DPRK-Japan diplomatic relations.

NODONG SINMUN reports that the Soviet president issued a statement on the Gulf situation, the Political Bureau and secretariat of the C.C., the Communist Party of the Soviet Union discussed the preparation of a national referendum on the preservation of the Soviet Union and the Mongolian paper UNEN in its recent issue published an editorial calling for strengthening the party ranks and defending socialism.

Nelson Mandela said sanctions against South Africa must not be lifted and Japan opposed the use of nuclear weapons against Iraq, reports the daily.

Papers report about the Gulf war.

For 15 February

SK1502055591 Pyongyang KCNA in English 0424 GMT 15 Feb 91

[Text] Pyongyang February 15 (KCNA)—NODONG SINMUN today carries a message sent by President Kim Il-song of the Democratic People's Republic of Korea to Mathieu Kerekou, president and head of state of the Republic of Benin, in reply to his solidarity message supporting the DPRK's new proposal for national reunification.

Appearing in the paper are a solidarity message to Comrade Kim Il-song, general secretary of the Central Committee of the Workers' Party of Korea, from Preben Moeller Hansen, chairman, and the international secretary of the Danish Workers' Party, Common Course, and a report that a solidarity letter came to him from foreign crewmen.

The paper carries a letter sent by the dear leader Comrade Kim Chong-il to the officers and men of the Unit 525 of the Korean People's Army [KPA] after reading their letter of pledge addressed to him. The letter says: "Glory to the revolutionary armed forces loyal to our party!"

Seen in the paper is the gist of the letter of pledge adopted by the officers and men of the Unit 525 of the KPA after holding a meeting to pledge their intense loyalty to decisively smash the new war provocation manoeuvrings of the enemies and safeguard the socialist homeland like an impregnable fortress under the obtaining situation.

According to the press, Comrade Kim Chong-il received floral baskets and congratulatory messages from the president of the state of Palestine and from the foreign diplomatic corps here.

More than 1,000 species of plants came to Comrade Kim Chong-il from different countries as gifts, says NODONG SINMUN.

Given in the press is an account of a reception given by the Cuban ambassador to Korea on the occasion of the holiday of February.

Under the blockletter title "Unquestioned Trust in the Party Is Unshakable Faith of Korean People" NODONG SINMUN conveys words of the world public circles and figures.

World progressive people published poems and songs praising Comrade Kim Chong-il on the occasion of the significant holiday of February, says the paper.

Conveyed in the paper is what South Korean people say in praise of the northern half of Korea.

Appearing in the paper is a report that the Portuguese paper NOTICIAS DA AMADORA carried an article headlined "On the Chuche Idea".

The colliers who have worked long at coal mines were given parties on their 60th birthday under the benevolent loving care of our party, says the press.

Papers report that the Pyongyang August 17 prefab factory, the Hyesan steel works, the Paekam magnesia roof board factory and the Hyesan asbestos pipe factory were commissioned with due ceremony.

Premier Yon Hyong-muk sent a message to Daniel Lima dos Santos Daio congratulating him upon his appointment as prime minister of Sao Tome and Principe, according to NODONG SINMUN.

MINJU CHOSON reports that the Central People's Committee of the DPRK adopted a decision on improving and strengthening the economic work of North Pyongan Province.

NODONG SINMUN informs the readers of the release of a Korean feature film "Red Maple Leaves" (Parts 4 and 5). It tells about an operative group behind the enemy lines which undertakes a swift action to inform the northern half of Korea in good time of the U.S. imperialists' scheme to ignite a war in Korea.

Given in the daily are accounts of a joint friendship gathering between Korean and Chinese students held in Pyongyang on the occasion of the Lunar New Year and a friendship meeting held on the occasion of the 12th anniversary of the victorious Islamic Revolution in Iran.

Echoed in papers are home and foreign voices denouncing the "Team Spirit 91" joint manoeuvres.

Commentaries of the press hail an agreement reached between the two sides of Korea on forming unified teams to participate in major international games at the fourth inter-Korean sports talks.

The president of the International Table Tennis Federation stressed that the 41st World Table Tennis Championships will be a historical one with the participation of a North-South unified team of Korea, says NODONG SINMUN.

South Korean news columns of the press include reports that workers staged strikes and demonstrations and people of all walks of life denounced the authorities' scandalous "case of privileged distribution of housing lot" in Suso District, Seoul.

It is reported in papers that the U.S. imperialists and the South Korean ruling group continue to commit war exercises against the North on the ground and in the sea and sky.

NODONG SINMUN informs the readers that Jiang Zemin, general secretary of the C.C., the Communist Party of China and chairman of the Military Commission of the CPC Central Committee, inspected Henan Province.

Included in the international news of the daily are reports that the Iranian president demanded the withdrawal of U.S. troops from the Gulf, the Military Committee of the security forces of the Ministry of Interior of the USSR made public a protest statement regarding the fact that a series of articles recently published by mass media distorted the actual role and position of the security forces, the Soviet paper PRAVDA exposed the U.S. aim in the Gulf war, and unemployment is increasing in Bulgaria.

The daily conveys econews from Madagascar, Zimbabwe and Egypt.

Papers inform the readers of the Gulf war.

NODONG SINMUN in an article headlined "'Defender of Human Rights' Who Tramples Them Underfoot" denounces the United States' "defence of human rights" farce.

New Building Material Bases Under Construction

SK1502002391 Pyongyang KCNA in English 1505 GMT 14 Feb 91

[Text] Pyongyang February 14 (KCNA)—New building material bases are under construction in Yanggang Province situated in the northern inland of Korea.

The provincial general bureau of local construction and building materials production undertook the construction of tileries with a total production capacity of 300,000 square metres and a cement factory with a capacity of 12,000 tons, while pressing ahead with the construction of a pumice stone calcium silicate brickyard and a magnesia roofing board factory which are now near completion.

New building material bases including a door production base with a capacity of 30,000 square metres and a veneer factory with a capcity of 10,000 square metres are also under construction.

Undertakings to increase production in cement factories, steel works and asbestos pipe factories built last year are in full swing.

The ground-breaking for the construction of a building machine plant with a 1,000 ton capacity will be undertaken soon.

When the construction of these building material bases has been completed, Yanggang Province will supply enough building materials needed for the construction of houses for 5,500 families planned this year.

New Bases Commissioned

SK1502103491 Pyongyang KCNA in English 0958 GMT 15 Feb 91

[Text] Pyongyang February 15 (KCNA)—The Pyongyang August 17 prefab factory situated in the southern district of Pyongyang went into operation on February 14.

The factory streamlined production of large prefab parts needed for housing construction including pre-fab for double room (6.6x2.75 metres), large pre-fab for slab (21.6 square metres) and pre-fab for bathroom cabin.

The annual production capacity of the factory is 3,500 flats.

These pre-fab parts with doorframes and doors, heating pipes, power lines, a chamber pot and flush tank, a washbasin and bath tub attached to it complete houses when window classes are fixed in. [sentence as received]

The Hyesan steel works, the Hyesan asbestos pipe factory and Paekam magnesia roofing board factory were commissioned in the northern part of the country.

The Hyesan steel works will fully supply steel for the construction of public buildings and dwelling houses in Yanggang Province.

Work of Kusong Machine Tool Factory Described

SK1402103191 Pyongyang KCNA in English 1019 GMT 14 Feb 91

[Text] Pyongyang February 14 (KCNA)—The Kusong machine tool factory situated in the northwestern part of Korea is one of the leading machine production centres of the country.

This factory went into operation in August 1959.

The annual production capacity of machine tools was no more than 1,000 at the time.

Afterwards, capacity expansion projects have been carried out on several occasions.

In the early 1970s the factory produced 10,000 machine tools of various kinds a year, its production capacity increasing more than 10 times.

In this period the total industial output value grew 34 times and the amount of exports 31 times.

The factory concentrated efforts on the modernization of machine tools in the 1980s.

A highly efficient numerically-controlled lathe was manufactured recently in the factory after making a machining-centre for bed and a broach machine for bed.

The factory is making preparations for mass-production of this type of lathe.

A new casting method has been incorporated in production, which increases its efficiency 20 times.

Various kinds of machine tools manufactured by this factory are exported to scores of countries.

Progress in Construction of New Housing Noted

SK1402151691 Pyongyang KCNA in English 1459 GMT 14 Feb 91

[Text] Pyongyang February 14 (KCNA)—Modern dwelling houses are being constructed on a large-scale in towns and countryside of Korea.

The construction of apartment houses for 50,000 families in two years by the end of this year is in full swing in different districts of Pyongyang.

Apartment houses for more than 100,000 families are under construction this year in local cities including Chongjin, Hamhung, Sinuiju and Wonsan and rural areas.

Last year modern houses for 30,000 families have been built in the capital and those for some 51,700 families in local cities and rural areas.

The housing construction throughout the country is under the wise leadership of the Workers' Party of Korea.

Dear Comrade Kim Chong-il unfolded the grand plan to effect a new turn in the housing construction in the mid-70s and made sure that the construction of Changgwang Street in the capital which was completed in November 1980 marked its starting point, a historical occasion.

The construction of Changgwang Street was a vast project of building high-rise, ultra high-rise apartment houses with a total floor space of nearly 400,000 square metres, which are qualitatively different from the old one in form and content.

Comrade Kim Chong-il saw to it that the construction was completed on the highest level in less than one year. And looking round the high-rise apartment houses of Changgwang Street with a floor space of 150 to 160 square metres per family, he said: "It is my ideal to make all the people live in such houses".

Noting that houses are built of cement, bricks and steel, he took steps to extensively build large-scale cement, steel, calcium silicate brick, slag pre-fab, aluminium sash factories and other building-material production centres equipped with up-to-date technology in a short span of time.

Munsu Street, An Sang Taek Street, the second-stage of Chollima Street, Kwangbok Street and other grand and splendid streets have since been built in succession and the existing streets were renewed to meet modern aesthetic tastes in Pyongyang in the 80s.

And modern streets and residential quarters have been built in Hamhung, Sunchon, Wonsan, Nampo, Chongjin, Tanchon, Sinpo and other local cities and looks of many rural villages changed beyond recognition.

* Editorial Stresses Nonferrous Metal Production

912C0074A Pyongyang MINJU CHOSON in Korean 1 Dec 90 p 1

[Editorial entitled: "Let Us Increase the Nonferrous Metal Production to Epoch-Making Levels"]

[Text] One of the militant tasks confronting us today as we energetically step up the socialist economic construction amid the high flames of the struggles for increased production and conservation is to increase decisively the output of lead, zinc, and other nonferrous metals.

The great leader Comrade Kim Il-song taught:

"To develop the people's economy rapidly, and to strengthen the nation's economic power, we must further increase our nonferrous metal production."

Nonferrous metals are widely used in various branches of the people's economy and their uses are expanding markedly as the economy develops.

Unless nonferrous metals are available in plenty, it is impossible to produce on a large scale various kinds of quality metal goods, modern production machinery and electronic, automation facilities to accelerate the technological revolution, ensure the nation's economic construction and, at the same time, to improve the living standards of the people further. Also, to develop the nation's economic relations with foreign countries, the nonferrous metal production must be increased.

As the scale of the national economy grows incomparably larger, the production and construction accelerates to an extraordinarily high rate of speed, and as foreign trade expands and develops, the demands for nonferrous metals are on the rapid increase.

The mining industries must wage more vigorously the struggles to further increase the nonferrous metal production to meet the pressing demands.

Steady and brisk deliveries of ore concentrates from mines are a prerequisite for increases in the nonferrous metal production.

Only when the flames of innovation burn high at mines can we effect major upsurges in the nonferrous metal production.

Mines, following the party guideline, must give firm precedence to drifting and stripping over other work, and widely introduce advanced mining and ore-dressing methods to send high-grade ore concentrates to smelteries in large quantities.

Heavy indeed is the responsibility of the Komdok Mining Complex in ensuring raw materials for ferrous metals.

The nation's overall nonferrous metal production is largely determined by the ore concentrates output from the Komdok Mining Complex, a large-scale production base for nonferrous metal ores.

Our party, counting on the working class of Komdok, set forth the high goals in nonferrous metal production, expecting them to bring on a major upswing in the production of ore concentrates by displaying the same struggle spirit and ethos as the working class of Kangson did in the postwar days.

The working class of Komdok must—with the rock firm "once the party decides, we will do it" faith—go on performing new innovations and miracles in the nonferrous metal production.

Important in this connection is for them to effectively use the production capabilities that have already been created and put in place, and see that they pay off in greater yields.

Thanks to the party's energetic guidance and unending consideration, the material and technological foundations of the Komdok Mining Complex have been expanded and strengthened incomparably. Its production potentiality is enormous. When the existing production capability like that is brought into fullest play, the complex can increase its ore concentrates output much faster than now and, consequently, achieve successfully the high goals of nonferrous metal production set forth by the party.

The Komdok Mining Complex must ensure meticulous repair and maintenance work on the existing facilities, put them into full operations, rationally organize their utilization, and by doing so, maximize their work capabilities. Especially, it should give priority to cutting-site preparations and keep it on a solid basis to ensure continuous mining, and conduct efficiently the technical maintenance of belt conveyors and ore-dressing facilities. Thus, great attention will be paid to hauling on time the ores that have been cut.

The working class of Komdok should faithfully respond to the great trust and solicitude of the party by increasing the output of ore concentrates to epoch-making levels. When Komdok speeds up its march, the path to epochal increases in the nonferrous metal production will open even more widely.

To increase the nonferrous metal production, smelteries must join their hands and effect innovations.

Ore concentrates produced by mines, no matter how much, are useless unless they are refined.

Smelteries must do the refining on time and in a creditable manner, with a high sense of responsibility, keeping in mind that they are in charge of the final processes in the nonferrous metal production.

Important in the smelting is the raising of the rate of net recovery. The basic key to a higher rate is to innovate technologies and fully observe technical indices and standard manufactory procedures.

Smelteries must remodel facilities and production processes through mass technological innovation movements thereby improving their production efficiency drastically. At the same time, they must actively introduce advanced methods and strictly meet the technical requirements in all the processes such as melting, precipitation, filtering, and electrolysis, to vastly improve the rate of net recovery in refining. By doing so, they will produce various high-quality nonferrous metals in larger quantities from ore concentrates that are available, and reduce the costs per unit of products systematically.

To increase the nonferrous metal production, functionaries in that branch must conduct organizational and political work aggressively with high revolutionary spirit and fighting power.

High revolutionary spirit and fighting power are the disposition for our functionaries to possess. When they have that ethos, they can be greatly successful in any work.

Functionaries in the mining branch must, as required by the anti-Japanese guerrilla-style work method, go down to mines and smelteries with knapsacks on their backs, and there they will—through energetic political work—drive home to the producer masses the party's intention about increasing nonferrous metal production and prompt them actively to rush forth in unison to carry it out. Firmly adhering to the Taean work system, and under the collective leadership of the party committee, functionaries must conduct economic organizational work accurately to get all the processes in the nonferrous metal production—ranging from drifting to ore mining and dressing to smelting—to dovetail perfectly. On the basis of finding and grasping all the facts, they must work to resolve problems, if any, in a timely manner by relying on the masses.

Self-reliance and the principle of leading by personal example are an important expression of revolutionary spirit and fighting power.

Our efforts to increase the nonferrous metal production rapidly may encounter bottlenecks and barriers. At such times in particular, functionaries should be firmly resolved that they will go ahead and do it with or without outside support; with that resolve, they will go ahead and overcome any difficulties on their own. They will work together with workers, sweating in the blind end of a pit, laboring at every difficult part of work there, thus making a breakthrough for further advances.

The reality that we must increase the nonferrous metal production rapidly demands an increase in our support activity for the mining branch.

Various branches of the people's economy will, from the standpoint worthy of the master that they share the responsibility for the nonferrous metal production, supply in a responsible manner all the materials needed in the mining branch including excavators, rock drills, compressors, mine cars, and reagents, while the transport sector will ensure transportation for ore concentrates and other materials on a priority basis.

The main object of such support is the Komdok Mining Complex.

Each sector of the people's economy, upholding the party's intention to have the entire nation rally behind the Komdok Mining Complex, will extend support to it on a priority basis. To begin with, they will put emphasis on ensuring larger supplies of major parts of excavators and rock drills, lumber for props, steel materials needed in repair work on mine facilities, and fuel. They will thus see to it that the Komdok Mining Complex fulfills its heavy but honorable duty in the nation's nonferrous metal production successfully.

It is the firm will and determination of our party to increase the nation's nonferrous metal production to epoch-making levels.

All the functionaries and working people in the mining branch will uphold the intention of the party with all their hearts and effect greater upsurges in the nonferrous metal production with burning loyalty and indomitable fighting spirit and, by doing so, positively contribute to the prosperity and development of the country and to epochal improvements in the living standards of the people.

Correction to Wrap-up Report Issued on MAC

SK1402235391

The following correction pertains to an item headlined "Continued Coverage of 459th Meeting of MAC," subtitled "Wrap-up Report Issued," published in the 14 February East Asia DAILY REPORT, page 8:

Page eleven, column one, last partial paragraph, last full sentence reads: They should look straight at reality and act with discretion. If, in spite of our just demand, they do not stop the Team Spirit joint military exercise, we will not look on such a situation with folded arms. (rephrasing and adding word "not")

South Korea

Saudi Ambassador Interviewed on Gulf War, Iraq

SK1502060091 Seoul CHOSON ILBO in Korean 14 Feb 91 p 2

[Interview with Muhammad al-Shuwayhi, Saudi Arabian ambassador to the ROK, by reporter U Tae-yong on 13 February; place not given]

[Text] [U Tae-yong] What is Saudi Arabia's basic position on the Gulf war?

[Al-Shuwayhi] Saudi Arabia has denounced Iraq for having illegally invaded and annexed Kuwait and has expressed sadness from the very start.

Along with Arab countries, Islamic countries, and all the other countries that are friendly to us, Saudi Arabia has made utmost efforts to persuade Iraq to listen to our call and to restore the legitimate Kuwaiti Government, but in vain. As a last resort to restore peace in this region, Saudi Arabia has implemented Clause Two of UN Security Council Resolution No. 678 which calls for military action.

Saudi Arabia participated in this military action out of our nationalistic and Islamic duty of removing suppressive rule over the Kuwaiti people. In this way, we intend to contribute to the cause of justice.

Therefore, there can be no other conditions for armistice than Iraq's withdrawal of its troops from Kuwait and the restoration of the Kuwaiti Government.

Saudi Arabia's position is in compliance with the 12 UN Security Council resolutions and is supported by 28 countries that have provided assistance for the Gulf cause as well as by approximately 100 governments that have joined in the sanctions against Iraq. Our position will not change until the Iraqi Government comes to its senses.

I stress, however, that Saudi Arabia has no enmity toward Iraq.

Saddam Husayn must accept the first and final responsibility for having destroyed Kuwait.

[U Tae-yong] Saudi Arabia is a major partner in this war effort. Is your share of war expenditures burdensome?

[Al-Shuwayhi] As a matter of fact it is burdensome. Saudi Arabia, however, is not alone in paying for war expenditures. It is fortunate that our neighbors in the Gulf, the Western allies, the ROK, and other countries have shared war expenditures.

[U Tae-yong] Is there any sign that Saudi Arabian society is changing because of this war?

[Al-Shuwayhi] Our society is based upon Islamic traditions and will be so in the future.

[U Tae-yong] As a leading power in the Middle East, what is Saudi Arabia's plan for establishing a postwar Middle East order?

[Al-Shuwayhi] There are very many issues that must be discussed after the war, and they must be discussed from correct perspectives.

Our leaders themselves must decide on security issues in the Middle East. I think that the leaders of the members of the Gulf Cooperation Council must map out a plan to ensure that they exert strong influence on the Middle East.

We do not want the emergence of another dictator. Therefore, we must make efforts to prevent vicious crimes against large and small countries that were born under UN supervision after World War II.

All the world's peace-loving people must seriously consider the issue of preventing vicious crimes against these countries because all of mankind is suffering from this Gulf war to a certain extent. I think it dangerous merely to keep silent.

Kim Chong-il Referred to As 'Supreme Commander'

SK1502004291 Seoul THE KOREA TIMES in English 14 Feb 91 p 1

[Text] Panmunjom, Korea (AFP)—North Korea's heir-apparent, the president's son Kim Chong-il, is the supreme commander of the People's Armed Forces and generals seek his advice, a North Korean officer said here Wednesday.

The officer, a captain attending a Military Armistice Commission (MAC) meeting here, said in an interview on the northern side of this truce village that Kim had great knowledge of military affairs.

North Korean analysts here and in Tokyo said that as far as they knew this was the first time a North Korean officer had referred to Kim as the supreme commander of the armed forces.

The captain, along with another captain and a major, laughed off reports of opposition to the planned transfer of power from President Kim Il-song, officially the great leader, to his son, the dear leader, saying it would be "completely impossible."

"Frankly speaking, the dear leader is the supreme commander of the People's Armed Forces. Generals, even if they are older, know that the dear leader has experience, even in military affairs," said the captain.

* Paper Reports on Anti-Kim Chong-il Forces

912C0025 Seoul NAEWOE TONGSIN in Korean No 712, 5 Oct 90 pp 1A-5A

[Article entitled: "North Korean Workers Party and the Phase of Kim Chong-il—Anti-Kim Chong-il Forces in the Party"]

[Text] Seoul (Naewoe)—There is a saying reported to be prevalent in North Korea: "Above the law is the party, and above the party is the leader Kim Il-song." This bespeaks that a party decision takes precedence over the law, and absolute, even above a party decision are Kim Il-song's teachings and orders.

To put it another way, what this means is that more serious than violating the law is violating a party decision, or worse, violating Kim Il-song's teachings and orders, for this would mean the matter's developing into a grave situation bearing on life itself. In North Korea the party thus holds all authority in its hands, and the exercise of that authority is absolute. Reigning over the party is Kim Il-song, who uses the party as a means of maintaining the regime.

In this manner North Korea prosecutes everything as a matter of party decision and enforces its practice. In the event of anything going wrong or proving erroneous, it also rationalizes it in the name of the party.

Herein lies the reason why Kim Il-song, reigning over the party, uses it as a means of his rule. He resorts to this because, by using the form of a party decision, he can disguise his dictatorship as democracy, and even though a so-called party decision represents none other than his own orders and directives, in the event that the decision proves to be irrational or erroneous, he can hide behind the party, and cover up his mistakes.

Kim Il-song's orders and directives, ranging from North Korea's government and economy through culture and the arts to the inhabitants' daily lives, are prosecuted and enforced in the name of the party, and he controls and oppresses the inhabitants, suppressing their complaints also in the name of the party.

The Party, the Prime Mover for Heir Apparent Kim Chong-il's Regime

The North Korean party so constituted is used in the same way in the task of ensuring Kim Chong-il as heir apparent for hereditary succession.

It is through the party that the plan for hereditary succession has been worked out and pushed forward, and all the realistic conditions have been created and fabricated.

Such a party task represents the intent of Kim Il-song, and Kim Chong-il, too, of using the party as a means of laying political groundwork for his own heir apparency and hereditary succession.

The fact that Kim Chong-il appeared formally as a North Korean power at the Sixth Party Congress in October 1980 bespeaks this, and foretold that he would continue to be a power in the future too.

Accordingly, Kim Chong-il used the party as a means of laying the groundwork for his hereditary succession, and his first task toward that end was leading the economic plan as the prime mover. Supporting this, is the fact that while openly leading the economic plan as the prime mover, he tried to force its fulfillment ahead of schedule.

To put it bluntly, he wanted to prove his executive ability as heir apparent by bringing the fulfillment of the economic plan to a successful conclusion. However, the attempt ended in failure, and he tried to recover the failure in the stepped-up idolization of Kim Il-song. Products of such idolization of Kim Il-song are what North Korea describes as "monumental edifices of creation of the Workers Party Era."

However, these too, because of their enormous scales, ridiculously large quantities of materials involved, reckless mobilization, and wasteful use of manpower and funds, have instead resulted in leaving his qualifications and abilities open to criticism. It is significant that the next task Kim Chong-il embarked on was party ideological work, but this task too, it cannot be denied, is not going well either, as indicated by the editorial which was broadcast by Radio Pyongyang on 21 September: "Comrade Kim Chong-il, in strengthening and developing unity and solidarity from generation to generation, not overlooking a few negative phenomena obstructing the solidarity of the ranks, is leading the way in launching a principled struggle against them."

Failed Attempt at Laying the Groundwork for a Hereditary Regime

Kim Chong-il's failure in his political operations attempting to lay the groundwork for his own hereditary regime, can be attributed after all to his failure to grasp the party. Behind Kim Chong-il's failure in grasping the party there are a few reasons. They are:

First—The party, because of the existing power structure, is not amenable to accepting Kim Chong-il without resistance.

Inasmuch as the North Korean party has existed to date for the sake of Kim Il-song, and has served for the sake of maintaining the Kim Il-song regime, there are things that cannot be easily turned into an organizational structure for the sake of Kim Chong-il. Even if Kim Chong-il, lacking in career experience in party work, has had his party position of heir apparent accepted as an accomplished fact, the party could not help showing a rejection reaction toward Kim Chong-il who rode into the party on his father's coattails.

Moreover, it is also because of the fact that even if it is the will of Kim Il-song to have the groundwork laid for the hereditary regime of Kim Chong-il as heir apparent, his rule of the party makes the future unpredictable.

Second—The mode of work Kim Chong-il leads is one that is reckless beyond extant logic.

Precisely herein lies the reason why North Korea came out giving support to it as "bold leadership power." Oldtime party bureaucrats with their logical perception had no alternative but to manifest a reaction of rejection toward Kim Chong-il's mode of work. Even if they could not help following his intention as demanded, the result was either a failed one or a negative one. This too, is among the said reasons.

Third—Even though it became an accepted fact that Kim Chong-il as heir apparent would be leading the way in everything, because of the partywide physiology that has continued uneventfully to date, as well as the aforementioned renewed physiology, there is the fear that one might suffer a negative effect from a change in the party caused by a change in the authoritative center.

That is, the fear that harm might be visited upon oneself later for following the Kim Chong-il line is what is said to have made it impossible for Kim Chong-il to grasp the party.

Fourth—Kim Chong-il's unbridled misuse of party authority is a factor.

In prosecuting the work, the behavior of rushing it in the name of the party, recklessly without due consideration of the pertinent conditions, makes it impossible to have confidence in the future prospects of the Kim Chong-il regime, when viewed from the standpoint of the party.

Behavior such as this would cause, internally, organizational confusion in the party, needless to say, and externally, the weakening of the trust of the inhabitants in the party, and the piling up of their complaints and dissatisfaction.

Fifth—There is a fixed idea of the person called Kim Chong-il.

Not only is the way he grew up from childhood known to all, but his unrestrained, corrupt life of debauchery unacceptable from the standpoint of the party, makes it impossible to accept him as heir apparent.

Sixth—As he lacks career experience in party work, Kim Chong-il has no base for support in the party, the same as he has no base for support in the military, because he has no military career experience, no military expertise, and no military techniques.

Still, this is no time to gradually develop such a base; moreover, it has been revealed that he has no such abilities. Also, his organizational activity for three revolutions teams, an activity designed to overcome this condition, has instead brought about results to the contrary.

Furthermore, he did not have justification for developing his base in the party, and thus failed to produce one.

The only thing that could be done under the circumstances was "plowing a paddy with water in it" after removing the opposition forces. This was exemplified by a series of purges in the early 1980's.

Giving prominence to the 1980's as "the Kim Chong-il Era" North Korea carried out an extensive purge to remove from the party and the military those opposing his hereditary succession. That was part of the aforementioned purges.

At various colleges and universities such as Kim Chaek Engineering College, Kim Hyong-chik Teachers College, and Kim Il-song University, disturbances broke out frequently in opposition to the hereditary succession by Kim Chong-il; and in the riots throughout Yanggang Province and North Hamgyong Province many SWYL members and other youths, except three revolutions teams, took part en masse. Reports on them indicate their extent.

However, the fact that at the first session of the Ninth Supreme People's Assembly held last May the conditions to date were readjusted and reinforced, proves the earlier mentioned points to be true, and furthermore, would appear to have constituted another turning point in the effort to install Kim Chong-il's hereditary regime.

The restructuring effected at the first session of the Ninth Supreme People's Assembly is characterized by: First, Kim Chong-il, seated ahead of O Chin-u and Choe Kwang, as first vice chairman of the National Defense Committee next to Kim Il-song, made his position secure in the Army, which used to be a weak point of his; second, by defending the existing political system against the change in Eastern Europe, thanks to the reemergence of the surviving first-generation hardliners of the revolution, Kim Chong-il's hereditary regime has been strengthened; and third, by broadly appointing the rising technocrats who would be leading the way in energizing the economy, efforts have been made to renew the atmosphere and image through a change of generation while backing up Kim Chong-il's economic policy.

* Local Election Strategies, Impacts Described

* For the DLP

912C0086A Seoul HANGYORE SINMUN in Korean 16 Dec 90 p 3

[Article by reporter Chang Chong-su: "The DLP's Election Strategy"—third installment in a serial "Local Autonomy Recovered"]

[Text] When the ruling and opposition parties were about to wind up their negotiations on the local autonomy election law, the DLP [Democratic Liberal Party] organized a planning group for the elections of local autonomous entities with Secretary General Chong Sun-tok as its chairman, as well as a working group on local autonomy in order to map out strategies for the local elections. The DLP leadership is continually holding meetings to thrash out election measures with the goal set at winning 60 percent of the local assembly seats.

This goal is aimed at putting an end to the controversy centering on the legitimacy of the three-party merger incessantly disputed by the opposition parties and following up with victory in local elections to secure a stable majority in the 14th national election.

The DLP will have no choice but to get involved partywide in the provincial-level and base-level elections which are expected to be held next March, through, among other measures, the party nomination of candidates for the provincial-level elections in particular. In the light of this reality, the DLP intends to take advantage of the local elections to rectify the party organization in disarray and rebuild the fallen party image.

However, despite this internal strategy the DLP is for now confronted with the question of how to bridge the differences among the various internal factions and between the leadership and the rank and file over the method of nominating party candidates, under the circumstances in which a large number of more people will seek candidature for the limited number of seats available, and some have already surfaced as would-be candidates.

The point at issue during the squabble which erupted at the 12 December DLP Executive Committee meeting over the method of nomination boils down, in a word, to the question of how to share the right of nomination between the central party leadership and the local district chapter chairmen.

The party leadership, including Chairman Kim Yong-sam, Secretary General Chong Sun-tok, and floor leader Kim Yun-hwan, presented a formula by which each local district party chapter will recommend two times as many candidates as the fixed number of seats for his district and the central party leadership will make the final selection.

This formula was strongly opposed by local district chapter chairmen, who insist that they should be allowed to exercise full power in the nomination of candidates.

Included in the forces opposed to this method of selection are many elements in the party, such as those DJP [Democratic Justice Party]-wing middle-weight assemblymen and others without party posts, as well as the nonmainstream groups of the NDRP [New Democratic Republican Party] and the RDP [Reunification Democratic Party] wings. So, it is hard for Chairman Kim Yong-sam and others to push the formula of shared nomination right.

Particularly, behind the opposition put up by the DJP middleweights and the NDRP wing, there are the fears that Chairman Kim Yong-sam will try to take advantage of the nomination system to expand his influence in the DLP by linking it to his strategy for the presidential mantle. Therefore, the possibility can not be ruled out that any failure in the efforts to reach a compromise over the nomination system will lead to an internal feud.

However, the prevailing view among party observers is that in view of the intraparty consensus that if the nomination controversy should develop into a violent factional clash prior to the elections, the party will work out a compromise plan along this line: that each district party chairman will recommend a single number of candidates; that the central party leadership can exercise its veto power on any recommended candidate in whom it finds a decisive flaw, and request the recommendation of another candidate; that the district party chapter chairmen will take full responsibility for the outcome of the election.

The DLP working-level group on measures for local autonomy, which has swung into operation, is working hard to prepare separate measures for the Seoul and Honam areas, to which the PPD [Party for Peace and Democracy] attaches the greatest importance, and for the Kyonggi area in which the Democratic Party [DP] is leading in various public opinion polls.

The DLP has set as its goal the defeat of the PPD, particularly in the Seoul area, by risking its own survival, partly because the Seoul area was where the PPD won the greatest number of National Assembly seats among the four parties in the 26 April election, and partly because it is a "strategic area" holding the key to the outcome of the election.

For the Honam area, on the other hand, the DLP is contemplating a flanking operation in which it will put up pro-DLP independent candidates and admit them into the party after they are elected. While practically giving up the Honam area, the DLP nevertheless maintains a ray of hope believing that if influential independents run in this area, they may have a chance of winning.

However, to the chagrin of the DLP, since the three-party merger, an extreme sense of distrust in the established political parties has been so widespread among the electorate that it will be difficult for the DLP to garner enough votes in the Seoul area by putting up candidates on its ticket, and what is more, the PPD is on the move to nominate its candidates for local elections from among those who can even qualify as candidates for the National Assembly election, including those unsuccessful candidates in the 13th general election who lost by a small margin.

The DLP is also quite disturbed by the possibility that lawyers, young professors, and other new faces not involved in the existing political establishment will run in local assemblies as independents. The trouble with the DLP is that as far as provincial-level elections are concerned, it does have a surplus of would-be candidates, but most of them are either financiers in the service sectors or professional politicians, in other words, the kind of people who can do very little to get rid of public distrust in the political establishment.

In the face of all this, the DLP leadership is taking great pains to show its conviction that it would not be too difficult for the DLP to win more than 60 percent of the local assembly seats.

This optimism is based on the expectation that the local assembly elections next year being in essence a showdown between the DLP and the PPD, if the race shifts into high gear and turns into a regional rivalry, namely, a hot contest between the Honam and non-Honam forces, then this strategy will work well on the electorate.

Needless to say, it is hard to prognosticate how effective this strategy of appealing to regional sentiments will be if the PPD counters by nominating a large number of Yongnam personages as candidates for the local assemblies in Seoul under the slogan of doing away with regionalism.

However, inasmuch as the DLP is planning to launch a large-scale propaganda campaign aimed at fixing the image of the PPD as the "Honam party," the key to the success of the DLP strategy will lie in how the electorate will take it.

* For the DP, MP

912C0086B Seoul HANGYORE SINMUN in Korean 18 Dec 90 p 3

[Article by reporter Mun Hak-chin: "The Election Strategies of the Democratic Party and the Masses Party"—fifth installment in a serial "Local Autonomy Recovered"]

[Text] The Democratic Party [DP] and the Masses Party, which were excluded from the DLP-PPD negotiations on local autonomy elections, are taking great pains to map out strategies for the forthcoming local elections, half expectant and half worried, while welcoming the implementation of local autonomy per se.

The goal of the DP, which has eight seats in the National Assembly, is to consolidate its position as a "non-Honam opposition party" through the local elections and move on to compete neck and neck with the PPD in the next general election.

The strategy of the Masses Party, which will plunge into an election for the first time, places equal emphasis on securing over 30 seats in the provincial-level elections and on "familiarizing the masses throughout the country" with the presence of the party, which still seems to them something distant.

Democratic Party

In its 19 December Political Affairs Committee, the DP inaugurated a special committee for the expansion and development of the party (Vice President Cho Sun-hyong as its chairman), a local autonomy election measures committee (Vice President Hong Sa-tok as its chairman), and an election measures headquarters (Secretary General Yi Chol as its director-general). The inauguration of these campaign organizations means that the DP has now completely swung into a campaign posture.

The special committee for the expansion and development of the party plans to put its main efforts into recruiting former opposition figures, personages outside the establishment, and civic organizations in order to "pretty up" the face of the party leadership. The local autonomy election measures committee and the election measures headquarters are intended as a forward command post for electioneering, which will perform such functions as keeping tabs on public opinion and securing human and material resources necessary for campaigning.

The party leadership has set as its goal in the local assembly elections for now the securing of the ratio of 4:3:3 in the seat distribution among the DLP, the PPD, and the DP in that order. Acting President Kim Hyon-kyu expressed his confidence when he said: "If only we can secure human and material resources, we will be able to produce an unexpectedly good result." He claims that there is ample room for the DP to gain ground in the local assembly elections by taking advantage of the vacuum created under the circumstances in which the support for the DLP is miserably low and the PPD has its limitations as a regional party.

In spite of such circumstances, the present state of the party is, in the words of a party official, "a hollow shell." This is because the party is not sure whether under the present circumstances when the leadership structure is incomplete and the party strength is weak, it will be able to bring in highly qualified personages from the outside to put up candidates on its ticket. Most party officials claim: "If only we can secure necessary human and material resources, we will have a clear prospect of victory," but they are not confident when it comes to how to "secure these resources." This is where the hopes and reality do not agree.

In view of this situation, the party leadership is in agreement on the agenda that the outline of a new leadership structure will be determined by the end of the year, followed by a party convention next January.

The concrete details of the criteria for the selection of would-be candidates are yet to be worked out because the special committee on local autonomy elections was just inaugurated on 19 December. Nonetheless, in connection with the question of nominating party candidates, Yi Chol, director general of the election measures headquarters said that "because there are only 70 district party chapters in all, we are discussing ways to concentrate the power of nomination in the hands of the central party leadership in order to prevent a dual nomination system by which the central party leadership shares that power with district chapters."

The DP has set the capital zone and the central part of the country as the target of concentrated attack. The game plan calls for putting up a good fight in areas other than Honam and converting the central part of the country, a piece of "no-man's-land," into its courtyard.

Prior to his departure for the United States on 15 December, Yi Ki-taek, former president of the DP, said that "recently, many people wishing to obtain nomination from the party made phone calls or paid a visit to me," adding that the winds of popularity will blow over the DP.

However, it will be a correct assessment to consider the DP to be in a "gambling phase" in which with one false move, it may lose its bet, caught between the DLP and the PPD, in the local elections.

Masses Party

At its 17 December Standing Executive Committee meeting, the Masses Party [MP] organized an ad hoc local autonomy election measures committee chaired by Secretary General O Chae-o. This special committee consists of five subcommittees—planning, organization, support operations, public relations, and finance.

Chairman O chae-o said: "We have converted daily party operations into operations geared to the election campaign, and our ad hoc committee will be developed into a special election measures committee next January."

The election strategy of the MP is focused on gaining local assembly seats and "familiarizing" the party to the public. He called this task an "organized consolidation of the party's mass base."

Under this strategy the MP plans to have all the chairmen of its 51 district chapters, run for the provincial-level local assembly elections, except the three top party executives and Standing Committee Chairman Yi Chae-u and other members of the party hierarchy. Through their election campaigns, the party will seek to familiarize the public with its ideals and face.

The MP focuses attention on the Kyonggi-Inchon area, the rural areas in North Kyongsang Province, and the Koje and Pohang industrial areas.

The goal is to secure 20 seats in Seoul and 10 seats in other areas.

The party has set forth the principle of conducting its election campaign in a thoroughly mass-oriented democratic manner. By the mass-oriented method is meant one by which the party itself will penetrate into the grassroots instead of mobilizing "vanguard elements" such as activists and students.

It also means that no money will be spent except on the minimum necessary expenses, with the canvasers performing their work on a voluntary basis. The party has decided that the candidates will pay the deposit for their candidature out of their own pockets.

As for the localities where the MP has no local chapter, a plan is under study for inducing the National Alliance of Farmers Movement, the National Council of Labor Movement, and other similar national democratic organizations to put up their own candidates by offering them assurances of support.

Chairman Yi Chae-o expressed his strong desire for electioneering when he said: "We expect many difficulties ahead because the coming local assembly election will be the first election for our party. However, we will ask professional campaign agents for assistance in improving the image of our party." The party has chosen the kind of campaign slogans which sound congenial to the public, such as "Let us usher in an era of the masses by working together with our citizens" and "With the masses, amid the masses."

The MP is also seriously considering the possibility of making a proposal to the PPD and the DP for a joint nomination of candidates, and of proposing a tripartite election coalition if the PPD and the DP agree to the joint nomination proposal.

* Fears of Civil Servants

912C0086C Seoul HANGYORE SINMUN in Korean 22 Dec 90 p 3

[Article by reporter Yun Sok-in: "Change in the Status of Civil Servants"—sixth installment in a serial "Local Autonomy Recovered"]

[Text] Local autonomy, which is slated to be reinstituted for the first time in 31 years, will take concrete shape when the elections of the local assemblies and of the heads of the local governments take place in the first part of 1991 and 1992 respectively. Given this schedule, the government is busy making preparations necessary for the introduction of local autonomy, for instance, writing or rewriting statutes and regulations related to local autonomy, and in the technical area, making arrangements to secure buildings for local assembly halls and taking administrative steps to arrange the forthcoming local assembly elections.

Concerned government officials, referring to what they call a "local autonomy syndrome," are loudly calling for countermeasures to combat it.

Their concerns are focused mainly on the direct elections of heads of local governments. These officials fear that when politicians inexperienced in government administration fully exercise the right of personnel management as heads of their local governments, it may jeopardize not only the continuity of administration but also the job security of local government employees.

According to the agreement between the ruling and opposition parties on the appointment of the deputy heads of local governments, the heads of local governments will appoint vice mayors and deputy county and district chiefs in the case of base-level autonomous entities, whereas in the case of provincial-level governments, the central government will appoint vice mayors and vice governors in the first year only, requiring a recommendation from the governors and mayors from the next year on.

For the professed purpose of insuring the continuity and professionalism of the administrative structure within this framework, the government is considering this plan:

—In the case of provincial-level governments, the government will have the complete authority to appoint vice mayors, vice governors, and directors of the planning and management offices, the position which is Grade 3 under the current civil service ranking system;

—In the case of base-level autonomous entities, namely, city, county, district governments, when the heads of government are chosen by election, the employees of these local governments will no longer be national civil service employees falling under the current National Public Service Law. Considering this fact, the government will secure the right to appoint vice mayors and deputy county and district chiefs.

In addition, the central government plans to upgrade the directors of city and provincial planning and management offices to Grade 2 and appoint to these posts some of the mayors and county and district chiefs (currently Grade 3 and 4) who will automatically relinquish their present posts with the introduction of local autonomy. At the same time, the government also plans to upgrade the vice mayors (currently Local Grade 3) and deputy county chiefs (currently Local Grade 4) to National Grade 3 and 4, respectively. This plan, inasmuch as it envisages the shifting of vice mayors and deputy county chiefs in particular to the national civil service category, not only runs counter to the agreement between the ruling and opposition parties but also comes into conflict with its self-imposed principle that "with the introduction of the local autonomy system, the employees of local administrative organs will be appointed in principle as local employees as stipulated by the Local Public Service Law." This is likely to touch off controversy.

For this reason, the government is studying from various angles an alternative plan to introduce a system similar to the U.S. systems of the chief administrative officer and the city administrative officer or the French system of the general secretary, in case there should be a strong opposition from the opposition parties and the public against the central government appointing the deputy heads of local governments.

Another worry of the government is its concern for the change in the status of national employees working in local governments and their opposition to the aforementioned government plan. Currently, 25,000 national employees, including 290 provincial governors, city mayors, and county chiefs, are working in local governments, accounting for six percent of the total national employees and 11 percent of the total local governments employees.

The national civil service employees fear, in the case of provincial governors, city mayors, and county chiefs, that they will most probably lose their jobs, and in the case of bureau and section chiefs, that they will lose the chance to work in the central government as a consequence of the change in their status from national government employees to local employees. What is more, a considerable number of central government employees are complaining that if they are appointed as heads or chief administrators of local governments, it will put an end to their career tracks.

In the past, it has been the common criticism against the government that the administrative system is the one-way street on which orders and instructions flow only from top to bottom, making it difficult to get paper work to pass through the channel quickly unless the "express fees" are paid, and that it has failed to achieve a high level of professionalism. And yet, it is because of the aforementioned fears that government employees themselves are disturbed by the possible confusion attendant to the adoption of local autonomy and are voicing a strong opposition to the local autonomy system itself.

In view of all this, the government is taking pains to work out measures to insure their job security. The following measures are under consideration for higher-ranking officials: absorbing them into the government party making them run in local elections; transferring mayors and county chiefs 45 years old and below to central government agencies (the current average age of mayors and county chiefs is 51); appointing part of the older ones as vice mayors and deputy county chiefs; and giving reassignments to others by utilizing the system of policy research officers and the meritorious overseas training system. However, concerned officials frankly point out that these measures will hardly prove effective because the job openings are so limited compared with the large number of officials to be removed.

Next, as for bureau and section chiefs at the city and provincial levels who respectively hold National Grades 4 and 5, the government plans to upgrade them to Local Grades 3 and 4 respectively so that their complaints may be mollified. It also plans to upgrade national government employees working in local governments whose current grades are Grade 6 and below. Particularly for officials on Grade 6 and below, the government plans to insure their present status as national civil service employees by placing them in such administrative fields as military draft affairs, patriots and veterans affairs, land management, forestry, rural guidance, and labor affairs.

In connection with the task to pave the groundwork for local autonomy, the central government has been handing over to local governments and private organizations its administrative jurisdiction over projects which should better be handled by local governments and/or which concerns the providing of better conveniences for local inhabitants. As of now 147 such projects have already been handed over, and the government is accelerating this process of functional readjustment in order to hand over an additional 193 projects as soon as possible. In addition, with a view to shifting the functions of the central government gradually to policy formulation, overall control and coordination, as well as planning, the government is also pushing a plan to work out and implement diverse other measures, such as a system of government employees working alternately between the central and local governments, and a program for the retaining of government.

Burma

Representative Removed From Assembly List

BK1502143691 Rangoon Domestic Service in Burmese 1330 GMT 15 Feb 91

[Text] The Commission for Multiparty Democratic General Elections of the Union of Myanmar [Burma] has issued Announcement No. 911 on 15 February 1991. The announcement reads:

Subject: Removing the late People's Assembly representative, U Maung Maung Gyi, from the list of elected representatives.

U Maung Maung Gyi [of the National League for Democracy], who was elected from Kyauktaga Township constituency-2, Pegu Division, passed away on 8 February 1991. He has therefore been removed from the list of elected People's Assembly representatives.

By the authority vested in me,

Signed: Aye Maung, secretary

Twelve Student 'Insurgents' Surrender 8 Feb

BK1402151491 Rangoon Domestic Service in Burmese 1330 GMT 14 Feb 91

[Text] People belonging to different insurgent organizations who have come to realize their wrongdoing have been surrendering with assorted arms and ammunition to different Army camps. Accordingly, 12 members of the All Burma Students' Democratic Front 401st Battalion, including the political officer and the regimental commander, surrendered together with arms and ammunition on 8 February to the Mong Kyet camp of the 69th Infantry Regiment.

Those who surrendered were Political Officer Than Lwin, son of U Ba Thi, of No. 2 ward of Lashio; Regimental Commander Han Zaw Naw, son of U Zaw Htoo, of Thittaw Compound, Ahlone Township, Yangon [Rangoon]; officer in charge of the region Win Thein, son of U Ba Thein, No. 4 ward of Lashio; officer in charge of the regional office Nan Thu Han, son of U Han Nyunt, of Dawbon Township, Yangon; Private Aye Cho, son of U Maung Ko, of Kyauktada Township, Yangon; Pvt. Thura Zaw, son of U Kyaw Myint, of Naga Min cheroot factory, Myingyan; Pvt. Kyaw Htay, son of U Kyaw Nyunt, Thingangyun Township, Yangon; Pvt. Thaung Htut Hlaing, son of U Sein Hlaing, Mayangon Township, Yangon; Pvt. Nay Myo Hlaing, son of U Kyaw Than, Tamwe Township, Yangon; Pvt. Tin Nyunt, son of U Thaw, Aye Chan Thaya village, Zigon; Pvt. Kyaw Win, son of U Maung Nyunt, of Thuwanna Township, Yangon; and Pvt. Thein Lwin, son of U Kyi, of Kamayut Township, Yangon.

They brought along with them two M-21's, 74 rounds of assorted ammunition, and three magazines.

Authorities concerned cordially welcome back the people who have come back to the legal fold.

Seven Shan United Army Members Surrender 26 Jan

BK1102143791 Rangoon Domestic Service in Burmese 1330 GMT 11 Feb 91

[Text] People belonging to different insurgent organizations who have come to realize their wrongdoing have been surrendering with arms and ammunition at Army camps. Accordingly, seven members of the insurgent SUA [Shan United Army], who have been operating in the areas in jurisdiction of the Eastern Military Command, surrendered together with weapons and ammunition at Mong Hsat garrison at 1930 on 26 January.

Those who surrendered were Unit Commander Sai Maung and Privates Aik Shit, Aik Aw, Aik On, Aik Si, Aik San, and Aik Saung, alias Aik Htauk. They brought along with them four M-16's, one M-18, one M- 21, one M-22, 427 rounds of assorted ammuntion, 15 assorted magazines, seven SUA-made grenades, one M-14 mine, one M-16 (Energa) shell, and one walkie-talkie.

Villagers Denounce Insurgents for Burning Village

BK1502105091 Rangoon Domestic Service in Burmese 1330 GMT 14 Feb 91

[Excerpts] Karen insurgents have been disrupting local peace and tranquility and continuously carrying out destructive activities by planting mines, robbing travelers, shooting and killing villagers, and asking for ransom money. A ceremony to denounce the KNU [Karen National Union] insurgents was held at 0900 on 10 February at Htong-aing village, Pa-an township. [passage omitted]

On 26 January, a group of insurgents entered Pa-Wut village and shot innocent people with both small and big armaments and burned their houses. The fire, which gutted 84 houses, rendered over 500 villagers homeless and caused 4.2 million kyats in damages. A villager was seriously injured while three others were taken hostage. [passage omitted]

Ceremony Marks Opening of Satellite Ground Station

BK1502110691 Rangoon Domestic Service in Burmese 1330 GMT 14 feb 91

[Excerpts] An inaugural ceremony was held in Hkamti, Sagaing Division at 0800 on 12 February to open a satellite ground station and television retransmission station.

The opening ceremony was attended by Major Zaw Than, acting commander of the 202d Infantry Regiment and military personnel; members of the Hkamti Township Law and Order Restoration Council led by Captain Win Shein, council chairman; U Khin Maung, deputy director general of the Myanmar Communications Service; U Khin Maung Win and communications officials from Sagaing Division; U Tin Wan, chief engineer of the

Myanmar Television and Broadcasting Service, and personnel; and departmental officials, local elders, and 500 people of Hkamti. [passage omitted]

Speaking at the ceremony on behalf of the director general of the Myanmar Television and Broadcasting Service, the chief engineer explained the purpose of building the television retransmission station. He said the state is spending kyat 5.27 million or U.S.$450,000 with goodwill toward the national races under the program for development of border regions and national races. [passage omitted]

Brunei, Malaysia & Singapore

Malaysia

Mahathir Appoints Parliamentary Secretaries

BK1402140891 Kuala Lumpur Domestic Service in English 1330 GMT 14 Feb 91

[Text] The prime minister, Datuk Sri Dr. Mahathir Mohamed, has appointed two new parliamentary secretaries and transferred a current parliamentary secretary to another ministry. The chief secretary to the government, Tan Sri Ahmad Sarjee Abdul Hamid, said in a statement that Senator Dr. Sak Cheng Yew had been made parliamentary secretary to the Ministry of Domestic Trade and Consumer Affairs and Tapah MP [member of Parliament] Datuk K. Kumaran the parliamentary secretary to the Health Ministry. The current parliamentary secretary to the Health Ministry, Encik [Mr.] Ong Kah Ching, has been transferred to the Home Ministry as its parliamentary secretary. The appointments will take effect on the 26th of this month. The handing over of the letters of appointment and the oath-taking ceremony will be held on the 27th of this month at the Prime Minister's Office.

Singapore

Premier Goh Delivers Lunar New Year Message

BK1402144491 Singapore Domestic Service in English 1400 GMT 14 Feb 91

[Text] The prime minister, Mr. Goh Chok Tong, has urged Singaporeans to press on with the work to build the nation. He said this can be done by gradually increasing the common ground among the citizens. In his lunar new year message, Mr. Goh noted that the acceptance and practice of shared values by all would speed up the process.

Referring to the reactions of the various communities to the Gulf war, the prime minister said because the war involved Muslims, the perception of many Muslim Singaporeans was quite different from that of non-Muslims. This reality of our multiracial society must be acknowledged, and he expects that for a long time to come, external forces will assert powerful [words indistinct] on different groups of Singaporeans in different ways.

Mr. Goh said events in the Middle East bring home vividly to Singaporeans the importance of a strong defense and the Singapore Armed Forces. No nation can safely assume that its security will not be threatened and neither can it rely solely on others for its security. He pointed out that even if the United Nations forces now free Kuwait, they cannot restore it to what it was before the war. The lesson for Singaporeans is that we must continue to be serious about total defense, including civil defense and national service.

Mr. Goh said 1990, the year of the horse in the Chinese zodiac, was a good year for us. Singapore, together with other countries in the region, did not suffer severe immediate ill-effects despite the Iraqi invasion of Kuwait. He, however, cautioned that if the war drags on and casualties mount, the mood of the markets will change. Recession in the United States will deepen and economic growth will slow down everywhere.

The prime minister noted that Singaporeans are already preparing themselves for uncertainties ahead by spending less on shopping and eating out. But he is confident that once the war is over and the threat of terrorism diminishes, tourism and business will step up again.

Mr. Goh said 1991, which is the year of the goat, represents [words indistinct] calling for more hard work. His call to all Singaporeans, therefore, is to sharpen our competitive edge as we adapt to the rapidly changing environment, and (?with this), he said, we can make 1991 a reasonably prosperous year.

Cambodia

Japanese Diplomat Imagawa Arrives for Talks

BK1502051291 Phnom Penh SPK in English 0148 GMT 15 Feb 91

[Text] Phnom Penh SPK February 14—Senior Japanese diplomat Yukio Imagawa arrived in Phnom Penh Wednesday [13 February] to make a 12-day fact-finding tour of Cambodia and to discuss peace moves with Cambodian leaders.

Mr. Imagawa, a minister at the Japanese Embassy in Thailand, met with Deputy Foreign Minister Sok An on the afternoon the same day to map out an agenda.

He is scheduled to meet, among others, National Assembly Leader Chea Sim, Prime Minister Hun Sen, Deputy Prime Minister Kong Sam-ol, Interior Minister Sin Song and Foreign Minister Hor Namhong, who is due to leave here soon for talks on Cambodia with Thai leaders in Bangkok.

Mr. Imagawa also planned to visit Kompong Speu, Kompong Chhnang and Koh Kong, a thriving port near the Thai border, to assess the needs and the economic and security situation.

Japan and Australia cochair a commission on Cambodia's reconstruction set up in August 1989.

According to an AFP dispatch, Mr. Imagawa said a lot had happened over the Cambodian question since he visited Phnom Penh some six months ago and Tokyo wanted to hear Phnom Penh's views on the various steps taken to speed an end to the 12-year civil war. He also said that an embassy colleague Tadashi Ikeda (?will visit Beijing for a few days) from Feb. 23 to discuss the peace process with Chinese officials, who back the tripartite coalition government of Democratic Kampuchea dominated by the genocidal Pol Pot clique. Mr. Imagawa will leave here Feb. 25 for Ho Chi Minh City before continuing to Hanoi on Feb. 26.

Mr. Imagawa is a fluent Khmer speaker whose diplomat career [words indistinct] Phnom Penh in 1957. He played an important role in June meeting Japan hosted in Tokyo between Prime Minister Hun Sen and Prince Norodom Sihanouk.

Hor Namhong, Sok An Depart for Thailand

BK1502053191 Phnom Penh Domestic Service in Cambodian 0430 GMT 15 Feb 91

[Text] On the morning of 15 February, at the invitation of His Excellency Chatchai Chunhawan, prime minister of the Kingdom of Thailand, Comrade Hor Namhong, the State of Cambodia's foreign minister, accompanied by Comrade Sok An, deputy foreign minister, left for Bangkok to discuss and exchange views with His Excellency Chatchai Chunhawan on various concrete issues with the aim of finding a way to solve the Cambodian problem.

Comrade Hor Namhong also took along a message from Comrade Hun Sen, chairman of the State of Cambodia's Council of Ministers, addressed to His Excellency Chatchai Chunhawan, prime minister of the Kingdom of Thailand.

Seeing Comrade Hor Namhong off at Pochentong airport were Comrade Long Visalo, deputy foreign minister, and a number of cadres from the Foreign Ministry.

Criticism of Sihanouk's Call for Military Action

BK1402131391 Phnom Penh SPK in French 1126 GMT 14 Feb 91

["Sabre-Rattling Sihanouk"—SPK headline]

[Text] Phnom Penh 14 Feb (SPK)—In a recent statement made in Beijing, Prince Norodom Sihanouk, according to Beijing Radio, appealed to the forces of his coalition to intensify their military activities for the "total liberation of Cambodia."

This belligerent tone of the prince, president of the coalition dominated by the blood-thirsty Khmer Rouge, is harsh to the ears at a time when the international community, particularly the cochairmen of the Paris International Conference on Cambodia and other countries concerned, is not sparing any effort to reconcile the Cambodian differences around a UN peace plan. It is like throwing chilly water on the Cambodian people who, through the voice of the State of Cambodia, fervently aspire for the end of a civil war started more than 12 years ago by the Polpotists, a war that has generated great suffering and vast destruction. By calling for a military solution to the problem, Sihanouk has openly aligned himself with the Polpotists who, as everyone knows, have always advocated war until the Government of the State of Cambodia is toppled, a government which was born out of general elections and is resolutely opposed to the resurgence of the Pol Pot genocide. What does Sihanouk expect to gain anyway? That Cambodian blood continues to flow after the deaths of millions of his compatriots, including many from his own family, since the advent of the Polpotists some 20 years ago? That he would pull the chestnuts out of the fire after the speculative fall of the current Government of the State of Cambodia? Has he, who always claims to work for the good of his people, forgotten how he felt as "prisoner of the Khmer Rouge" the day after the Cambodian people's victory over the U.S. aggression? Has he forgotten that these same Khmer Rouge constitute the backbone of the coalition under his chairmanship?

One can also wonder whether Sihanouk still remains a Khmer when he calls for a strong-arm solution which would lead to the intensification of a fratricidal war whose consequences the Cambodian people alone will have to bear.

Sihanouk's belligerent position finally clashes with the call for self-restraint made to the warring parties by the UN Security Council and to which the State of Cambodia has positively responded in deeds by restricting its military activities to purely defensive operations since October 1990. In taking the tone of the sabre-rattlers, Sihanouk must however know that the military solution pursued so far by the Khmer Rouge and their supporters has not produced the expected results. The State of Cambodia is becoming stronger with each passing day and is fully capable of defending the people against the return of the genocidal criminals. However, it is ready to show goodwill and to act for true national reconciliation on the basis of the respect for national sovereignty, the Cambodian people's right to self-determination, the UN Charter, and especially the definitive exclusion of a genocidal regime from the land of Angkor.

Government Condemns Shelling of Battambang

BK1502080591 Phnom Penh Domestic Service in Cambodian 1300 GMT 14 Feb 91

[Station commentary: "Butcher Still Remains Butcher"]

[Text] This week, as the international community, particularly Mr. Chatchai Chunhawan, prime minister of the Kingdom of Thailand, tried to persuade the Cambodian factions to jointly reconvene the Supreme National Council [SNC], the genocidal Pol Pot clique committed insane activities by indiscriminately shelling areas in Battambang Province, causing successive suffering to our innocent people there.

According to an Italian journalist, Tiziano Terzani, the Pol Pot clique fired a barrage of 20 cannon shells and rockets into Battambang, killing at least 15 people and burning down 60 wooden houses.

This was not the first crime committed by the Pol Pot clique. During the past more than 12 years, the Pol Pot clique have never led our people live in peace. This criminal clique and its allies have always sneaked in to rob and massacre our people and destroy our national establishments. They have tried to destroy everything that our people had built with difficulty. It is due to this brutal and cruel nature that Sihanouk and Son Sann have squarely boasted that the Pol Pot clique is the most reliable force on the battlefield.

On 6 February, although he said that he does not belong to any group, Sihanouk sent a letter to Khieu Samphan, Ieng Mouli, and his son Ranariddh instructing them to carry on the fight against the State of Cambodia in order to realize the so-called total liberation of Cambodia, which in fact is an attempt to topple the legitimate government of the Cambodian people and bring back the genocidal regime.

Sihanouk is quite old now. He should have taught the others to stop fighting and shedding the blood of their own compatriots. But Sihanouk did not do so because he is an old, nasty man who only craves power and vengeance. Although he is too old to carry a gun and shoot our people by himself, Sihanouk has bellowed from the capital of a foreign country calling on Pol Pot, the notorious butcher, to continue shedding the Cambodian people's blood.

Undoubtedly, the Pol Pot clique's shelling will not wound any of Sihanouk's relatives. This is because they are now living happily at the expense of our people's suffering. Worse still, this instigation for Pol Pot to sabotage our people took place at a time when the international community, particularly the cochairmen of the Paris International Conference on Cambodia, was making every effort to quell the chronic conflict in Cambodia by calling on all Cambodian factions to restrain from the use of force.

Everyone still remembers that recently both Sihanouk, Son Sann, and Khieu Samphan declared their full support for the UN peace plan. However, since they cannot abide by even this small point, that is the appeal for self-restraint from the use of force, how can they implement the whole plan?

Another despicable point is that Sihanouk, who used to boast of being a Buddhist, has kept slandering the others, accusing them of hindering the UN peace plan in order to create a pretext to give the green light for Pol Pot to continue massacring the Cambodian people. [Words indistinct] cover up its evil face, the Pol Pot clique declared that the areas under its shelling were military camps of the Vietnamese troops and the Cambodian People's Armed Forces.

But, the French organization Medecins Sans Frontieres and the Italian journalist who recently visited Battambang reported that the victims of this abject crime of the Pol Pot clique are civilians, including (?women), the elderly, and monks.

The main aim of the Pol Pot clique is to intimidate our people and create favorable conditions for the coming negotiations of the Supreme National Council members.

However, although the Cambodian people want peace, they will absolutely not bow before the crimes of criminal Pol Pot. The destruction of property, monasteries, schools, houses, and lives of our people has caused our people in the whole of Battambang Province and elsewhere throughout the country to become even more determined to sacrifice everything in order to prevent this evil regime from returning for the second time.

Our people in Battambang Province and everywhere throughout the country know well that a butcher is always a butcher. Therefore, for the sake of durable and long-lasting peace, it is imperative to jointly eliminate conditions that might bring back the genocidal Pol Pot clique once and for all.

Our people have no illusion about these sporadic attacks and shellings: they cannot solve anything strategically.

In the past 12 years, we have maintained our position of strength and victory over the enemies; and in the days to come, they can never change this situation.

Radio Reviews Military Activities in Past Week

BK1402134391 Phnom Penh Domestic Service in Cambodian 1200 GMT 14 Feb 91

[Summary] During the past week, the three enemy groups intensified their activities in areas along the border, such as in Banan District, Anlung Mean, Treng, Ampil Pram Daeum, and Bavel District in Battambang Province and in Svay Chek, Sangha, Banteay Siem, and Phnum Srok District in Banteay Meanchey Province. However, all their activities were timely smashed by our Armed Forces. "It can be said that we have not abandoned any important base. We have firmly and effectively defended the areas on Route 10, in Banan District, and around Svay Chek." More importantly, we discovered arms and ammunition caches and large depots of the three bandit gangs.

"As a matter of fact, during the past week, we discovered four arms and materiel depots of the enemies in

Kompong Thom Province, in the region under the 179th Division, and in the 5th Military Region. The items we seized from these depots are 148 assorted weapons, 10 metric tons of assorted ammunition, and 25 packages of TNT explosive powder, 11 mines, 125 dozens of dry cells, and a video camera. "Also during the past week, we put out of action 629 enemy soldiers. Comparing to the previous week, this is an increase of 261 men. This includes 239 killed—120 more than the previous week, 243 wounded, 55 others captured, and 87 others who surrendered. We seized 302 assorted weapons, over 10 metric tons of assorted ammunition, and 159 mines; destroyed three tanks; and seized a quantity of war materiel."

In the same period, we welcomed 29 returnees, inlcuding 26 Pol Pot soldiers, who brought along 12 weapons.

Chea Soth Closes Justice Ministry Meeting

BK1502095691 Phnom Penh Domestic Service in Cambodian 0430 GMT 15 Feb 91

[Summary] The two-day meeting to review the work of the Justice Ministry was concluded on the afternoon of 13 February in the presence of Chea Soth, member of the party Central Committee Political Bureau and vice chairman of the Council of Ministers.

Two units and an individual were awarded Labor medals by the Council of Ministers and a rotary banner was definitively awarded to the judicial service of Battambang Province for its outstanding performance. In his closing speech Chea Soth called on members of the audience to make further efforts to carry out their work in the coming period.

Resistance Supports Thai Premier's Intitiative

BK1502032691 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 14 Feb 91

["Press communique of the Cambodian national resistance forces, dated 14 February 1991"]

[Text] After meeting with His Excellency Chatchai Chunhawan, the three parties of the Cambodian national resistance forces would like to reaffirm their support for the initiative of his excellency the prime minister on the plan to repair communications structures in Cambodia and to set up a working group to discuss this issue with the aim of facilitating the work of the UN Transitional Authority in Cambodia [UNTAC].

The tripartite Cambodian national resistance forces are of the view that the plan to repair communications structures and the task of UNTAC can be implemented only with a comprehensive political solution based on the 28 August 1990 framework document of the five permanent members of the UN Security Council and the 26 November 1990 draft agreement. In this sense, we, the tripartite Cambodian national resistance forces would like to appeal to all parties to accept the above two documents.

VONADK Reports More Shelling in Battambang

BK1502032991 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 14 Feb 91

[From the "Daily Report From Various Battlefields" feature]

[Excerpt] South Battambang town battlefield: On 10 February, our national resistance forces fired artillery shells on the Kanh-chanh Chras position, killing two and wounding one enemy soldiers. On 11 February, our national resistance forces fired artillery shells on the Phnum Khnieh position, killing or wounding a number of enemy soldiers and destroying an ammunition depot which exploded for an hour. Also on 11 February, our national resistance forces fired on Ronteah Banh and Chamka Lmut positions, killing two and wounding two enemy soldiers.

On 12 February, our national resistance forces attacked the Vietnamese enemy aggressors and their puppets and lackeys at Sdau, Snoeng, and Phnum Phlet, killing three and wounding two enemy soldiers. [passage omitted]

Indonesia

Government Undecided on Sending Pilgrims to Mecca

BK1502125891 Jakarta Domestic Service in Indonesian 1200 GMT 15 Feb 91

[Text] Religious Affairs Minister Munawir Sazali said in Jakarta today that the government had not yet decided whether to send Indonesians on the pilgrimage to Mecca this year due to the uncertain situation in the Gulf. The government planned to send a team to Saudi Arabia at the end of February to determine whether it will continue with the hajj pilgrimage registration this year.

Registration for this year's hajj pilgrimage started on 17 December, and a total of 22,402 Indonesians had registered by Thursday deadline.

According to the public relations officer of the Religious Affairs Department, several provinces such as Bengkulu, West Kalimantan, East Nusa Tenggara, East Timor, and Maluku are yet to report on the number of people who had registered for the hajj pilgrimage.

ADB Approves Two Projects Totaling $815,000

OW1402111191 Tokyo KYODO in English 1023 GMT 14 Feb 91

[Text] Manila, Feb. 14 KYODO—The Asian Development Bank (ADB) on Thursday approved two grants to Indonesia for environment and investment projects totaling 815,000 dollars from its special Japan fund.

The first grant, for 375,000 dollars, is intended for the "enhancement of investment services" through Indonesia's investment coordinating board—Badan Koordinasi Penanaman Modal (BPKM).

The grant, to run from May to October, is aimed at strengthening investment policy and facilitating investment project implementation, the bank said.

The second grant, for 340,000 dollars, is to help Indonesia's Ministry of Industry establish and implement environment analysis measures, the bank said.

It said environmental issues concerning the management of pollution in rivers and the disposal of hazardous wastes are being given the highest priority in Indonesia.

"Since industrial development is among the major causes of such problems, environmental impact assessment in the industry sector is considered a key to solving these environmental problems," the bank said.

Financial Aid Agreement Signed With Netherlands

BK1502111291 Jakarta ANTARA in English 1007 GMT 15 Feb 91

[Text] Jakarta, Feb 15 (OANA-ANTARA)—The Dutch Government has for 1991/92 fiscal year agreed to provide Indonesia with assistance worth 182 million guilders under the Inter-Governmental Group on Indonesia (IGGI) scheme.

The agreement for the financial cooperation was signed here Friday by the director general of external economic effairs of the Indonesian Ministry of Foreign Affairs, Puji Kuntarso and the director for Asian affairs of the Dutch Development Cooperation Ministry, G.Th.E.R. Arnold.

The assistance—which consists of 89.5 million guilders soft loan and 92.5 million guilders in grant—will be used to finance development projects in various sectors. These projects include rural development projects, drinking water/sanitation facilities, agricultural and irrigation projects.

The agreed minutes document said that the cooperation is a follow up of the result of a financial bilateral cooperation meeting held between the two countries here on February 5-6.

Based on policies on the use of the Dutch external loans, the assistance will be used to finance projects in four sectors of development, namely the environment, women role, rural development and poverty in urban areas.

Laos

Survey Meeting of Border Held With Burma

BK1502081791 Vientiane Domestic Service in Lao 0000 GMT 15 Feb 91

[Text] On 13 February, a consultative meeting at the local level was held in Houai Sai District, Bokeo Province [in Laos], between Lao and Myanmar [Burma] officials on the surveys of the 95 km border area along the Mekong River. This consultative meeting was merely an initial step. In the meeting, the two sides mainly discussed the technical aspect of the issue. No agreement on details of the issue has been reached between the two sides.

Attending the meeting for the Lao side was Ouan Phomphachak, head of technical service of the Laos-Myanmar border committee, and attending for the Myanmar side was San Mynt, head of the technical service of the Myanmar-Laos waterways border survey committee. A number of high-ranking local cadres of Houai Sai District also attended the meeting on this occasion.

Kaysone Addresses First National Conference

BK1502060191 Vientiane Domestic Service in Lao 0500 GMT 13 Feb 91

[Text] To honor encourage the First National Conference on Communication, Transport, Post, and Construction, Kaysone Phomvihan, chairman of the Council of Ministers of the Lao People's Democratic Republic, addressed the second day session of the conference on the morning of 12 February for three hours. He noted that the conference was an extremely important event because it offered the opportunity to study the crucial long-standing problems which are closely related to the tasks of national defense, maintenance of public security, and cultural and socioeconomic development in the country.

In his address, Kaysone Phomvihan discussed two major issues as follows:

1. Reviewing the past shortcomings and successes, he said that the communication, transport, post, and construction work is very important because it is the spearhead of the national development strategy. He praised the expansion of the communication, transport, post, and construction networks, especially the achievements in building and training of skilled cadres and workers. However, he criticized poor-quality work, for example, in road building which resulted in damage shortly after the construction is completed. Many people cite heavy traffic, overloaded vehicles, and other excuses as the causes of road damages. The fact is that this problem should be attributed to the lack of technical inspection during the construction as well as responsibility on part of the people concerned. He continued: the construction of Keng Kabao river port with its full capacity of handling up to 200,000 tons of goods a year was a

mistake. The river port is too large because only 10,000 tons of goods were transported through the port in 1989 and even less than that in 1990. In other words, we have left several millions of kips with the port for nothing. Touching on the transport problem, the state, at the initial stage, purchased over 1,000 vehicles for the four transport companies. But only a few years later, a large number of the vehicles broke down. Moreover, the vehicles were used at only from 15 to 30 percent of their full capacity. This is a serious problem because a large sector of the state financial resource has been wasted. Under normal circumtances, several hundreds of kilometers of road can be built nationwide each year. But the work in this area has not been well organized. At present, one province and 14 districts in the country remain inaccessible by road. This is the top priority work for the Ministry of Communication, Transport, Post, and Construction.

2. The direction and strategic guidelines for the expansion of the communication, transport, post, and construction networks in the years to come:

Kaysone Phomvihan suggested that everyone understand the correct concept of this work. For example, the development of the communication, transport, post, and construction networks must be regarded as the spearhead of the tasks of national defense and construction. Therefore, it requires the participation of all the people and must be implemented with fixed objectives and in line with a standard of quality. Meanwhile, equal attention must be given to both maintenance work and construction of new facilities.

Regarding the successful implementation of various programs, Kaysone Phomvihan said that we must draw up detailed plans and appoint personnel responsible for each program and take initiatives in to implement programs involving cooperation with foreign countries. Organizations and companies engaging in these development programs must possess standards in terms of capital fund and technical knowledge.

At the end of his address, Kaysone Phomvihan said the major works which will lead to the development of communication, transport, post, and construction networks must be started immediately. These include building national highways, roads to the sea, roads linking provinces and districts, and roads along the border. We must concentrate our efforts to improve main highways so that they can be used all year round. The postal system must ensure contacts between the center and localities and convenient contacts with foreign countries. We must draw up plans for rural development, dissolve companies which have been operating at losses, and lease them out to the private sector. Cadres must be effectively organized in a democratic and realistic manner. We must be imbued with the objectives of each project and understand its problems so that we will be able to successfully develop the communication, transport, post, and construction networks in the coming years after this conference.

Phoumi Vongvichit Addresses Provincial Meeting

BK1502104491 Vientiane Domestic Service in Lao 1200 GMT 14 Feb 91

[Text] On 12 February Phoumi Vongvichit, chairman of the Lao Front for National Construction [LFNC] Central Committee, addressed representatives to an enlarged meeting of the LFNC Central Committee of the two northern provinces of Houa Phan and Xieng Khouang. The meeting was held in Sam Neua District, Houa Phan Province.

In his address, Phoumi Vongvichit hailed the activities and achievements of the LFNC of Houa Phan and Xieng Khouang Provinces in carrying out tasks which have brought about developments in many fields there. He particularly hailed their implementation of the two strategic tasks—the defense and the building of the country—and the four main tasks of the LFNC Central Committee. He hailed the LFNC at each level for encouraging the multiethnic people of all strata in many localities in the two provinces to positively contribute to pursuing the new, modification line and tasks of the party and the government as well as of the LFNC Central Committee. As a result, he noted, the living conditions of the multi-ethnic people have been improved step by step.

The chairman of the LFNC Central Committee also pointed to the roles and responsibilities of the front in the new stage, the front which, he said, is considered an organization that maintains the most significant role in rallying the multi-ethnic people to unite and together march forward to achieve new victory.

On the afternoon of the same day, the enlarged meeting of the LFNC Central Committee of the two northern provinces of Houa Phan and Xieng Khouang was closed with success after two days of work.

Philippines

Vice President Interviewed on Bases Phaseout

HK1502080091 Manila Manila Broadcasting Company DZRH in Tagalog 0030 GMT 15 Feb 91

[Interview with Vice President Salvador Laurel by Joe Taruc, from the "Liberty in Action" program—live; italicized passages in English]

[Text] [Taruc] On the negotiation regarding the future of the U.S. bases in the country, how does the Middle East war affect the present bases talks?

[Laurel] Well, Armitage is here now. He said the truth is that they can carry on with the Middle East war even if they are told to move out of the Philippines. This is Armitage's strong statement: *We can carry on the war even if we will be told to get out of the Philippines. In other words,* it does not matter to them. My view is that we need seven years to strengthen our Armed Forces, especially our Navy which is almost decrepit because our boats can hardly sail. Our Air Force is still using Tora-Tora, World War II vintage planes. There is also a problem with our Coast Guard. If we tell the Americans to pullout their bases, we should see to it that we can take care of our external defense. We will have nobody to rely on if we tell them to go. *The moment the Americans withdraw, we must assume the responsibility of defending our own country.*

Joe, we have 7,000 small islands surrounded by water. We need a good and strong Navy. *We have to have good boats, good Navy, good Coast Guard and Air Force.* We need at least seven years. *But if we can get the Americans to help us modernize our Armed Forces, we should use that opportunity, this negotiation to seek from the Americans a firm commitment to help us modernize our Navy, Air Force, Coast Guard, and the entire Armed Forces during the seven year period, if we will give them an extension of seven years.* This is beneficial because if we allow a seven-year phaseout period for the military bases, the pullout will take place in 1998 and will coincide with the 100th anniversary of our republic. *The centennial of our republic will be 1998.* That would be very commemorative. *We will celebrate our 100th year* without the foreign military bases. *By that time we should be ready to take over our own external defense.*

[Taruc] Okay. Mr. Vice President, there is information stating that the U.S. negotiating panel is offering $560 million each year for 12 years for the use of the bases, while the Philippine panel is asking for $800 million each year. Do you believe that a conclusion will be reached today based on the amounts offered and demands of both parties.

[Laurel] There may be one. But if the Philippine panel presses strongly its demand for $800 million per year, the United States may not be able to afford this. I am not defending the Americans, but the U.S. is fighting a war now and it is spending $500 million to $1 billion a day. So, the Americans may find it difficult to give so much at this point in time. What I think should be done is that instead of haggling over the cash issue, why don't we ask for a non-cash package to strengthen our Army and make it more effective. If they can't afford to give dollars, let's ask for new navy boats, coast gurad cutters, airplanes and let us modernize our Armed Forces. Let us ask for other economic aid in kind. Ask them to increase our qouta in sugar and coconut. There are many *non-cash benefits we can get, and I think we can get more. But to expect to get a lot of cash* now, now that the Americans are at war, maybe *we have to be realistic.*

[Taruc] Regarding the Philippines' demand for $800 million per year, which do you think is bigger, the previous compensation or that which is being sought now?

[Laurel] That is what the panel should study now because there are several components. It is not just cash. Previously, there were the ESF or the economic support fund, the military sales credit, and many others. What they should really do is to compute all of these. They should total up how much we have been getting in the previous years and *how much they actually [words indistinct] proposing to give now.*

Doubling of U.S. Bases Compensation Offer Urged

HK1502030091 Quezon City MALAYA in English 15 Feb 91 pp 1, 6

[Text] The Philippines wants at least double the $120 million to $520 million offered by the United States as yearly compensation for its military facilities here.

Diplomatic sources said the U.S. offer incorporated contributions to the Multilateral Aid Initiative [MAI], also known as the Philippine Aid Plan which is mainly bankrolled by Japan.

The sources at the ongoing bases talks said Foreign Affairs Secretary Raul Manglapus has expressed the Philippine desire for at least double the U.S. offer before renewing the bases lease which expires on Sept. 16.

Both governments imposed a news blackout on the talks Wednesday after exchanging compensation proposals, which diplomats saw as a sign that the negotiations had reached a decisive phase.

Details of the Philippine offer were not released officially but the Philippines reportedly wants $400 million to $870 million a year.

Official spokesmen said they were aiming at an agreement by today, the final day of negotiations.

The U.S. has asked for a 10 to 12-year extension of its stay, with "continued access" after that. The Military Bases Agreement which governs U.S. military presence in the country expires in September.

A "compensation matrix" handed over by U.S. special negotiator Richard Armitage to Manglapus showed a graduated scheme pegged to the length of a new lease.

A "rapid termination" by September 1992—which assumes a one-year notice for U.S. forces to quit after expiration of the current agreement—would get the Philippines only $160 million in grants for U.S. fiscal year 1992.

But a new 12-year lease that ends in the year 2003 would be worth $450 million to $520 million dollars in yearly grants, including $200 million in military aid, $120 million in economic support funds, $40 million in development assistance, and $160 million for the MAI.

U.S. officials had previously insisted the bases and the MAI were not linked.

Meanwhile, Defense Secretary Fidel V. Ramos yesterday said the Philippines is not ready to take over and operate American military facilities.

He told a 12th anniversay celebration of the first hoisting of the Philippine flag over Clark and Subic bases in Olongapo City that the country does not yet have the resources needed to cushion the impacts of an immediate bases pullout.

"Even the comprehensive conversion plan of the Legislative Executive Bases Council cannot be operational by September 1991 and therefore cannot cushion economic impact on dislocated base workers and base-dependent areas," he added.

As this developed, Executive Secretary Oscar Orbos said Malacanang will push for a national consultation on the question of the stay of American military bases beyond 1991.

The planned consultation, different from the plebiscite or referendum provided for in the Constitution, is apparently aimed at pressuring the Senate into ratifying a treaty allowing an extension of the bases' stay.

* * *

Ramos said the country can ill-afford the cost of developing even a minimal defense capability which he said will take over 10 years to achieve.

"Thus, we at the Department of National Defense find it necessary that Philippine-U.S. security relations be maintained for some time," Ramos said.

"Rhetorics on national sovereignty will not assuage a hungry stomach. Certainly, there is a stiff economic price to pay for an abrupt pullout," he added.

Ramos, would not say when the country would be ready to take control of the bases. "It is not a matter of a definite cut-off time, but a matter of being realistic and pragmatic on the whole thing," Ramos told reporters in an interview.

But he said he still entertains the idea of taking full sovereign control of all foreign bases in the country by 1998, in time for the centennial celebration of Philippine Independence.

* * *

Orbos denied the consultation would be a way of getting around the constitutional provision allowing for a referendum on the treaty only if Congress calls for this.

Asked about the fate of treaty considering the declaration of 12 senators to oppose this, Orbos said: "So what? Let's follow the process...if it's proper to consult the people, let's do it."

He agreed with Sen. Wigberto Tanada's assessment that the treaty would be in for a long debate in the Senate.

Workers Deployment Ban to Middle East Lifted

HK1502030391 Manila THE MANILA CHRONICLE in English 15 Feb 91 p 1

[By Booma Cruz]

[Text] Filipino workers may once again seek jobs in Saudi Arabia, Oman, Qatar, Yemen and the United Arab Emirates. But they are not allowed to do so yet in eastern Saudi Arabia, Iraq, Kuwait, Israel and Jordan, where a shooting war is raging.

The Department of Labor and the Philippine Overseas Employment Administration [POEA] yesterday announced the lifting of the ban on the deployment of workers to some countries in the Middle East, following the resumption of flights to and from the region.

Officials said the Middle East situation was normalizing and the renewed deployment could help solve unemployment.

But Kaibigan [Friend], a non-government organization for migrant workers, criticized the deployment, saying the government was only out to please Saudi Arabia at the expense of the workers.

"The government is more concerned with maintaining its labor market than ensuring the safety of Filipino migrants," Kaibigan said.

But Labor Secretary Ruben Torres said the Middle East situation was slowly returning to normal.

POEA chief Jose Sarmiento said the lifting of the ban would ease the country's unemployment problem and give the Filipinos a better bargaining position once the war is over.

Sarmiento also said the government could look forward to jobs, numbering 100,000 to 150,000, for Filipinos, if the war ends within three months.

Filipino workers, numbering 390,000, ranked eighth among the 42 foreign nationals with the most number of workers in Saudi Arabia.

The labor department had temporarily suspended the deployment of workers to the Middle East after the Gulf war began.

Officials, however, said that despite the ban, an udetermined number of medical workers had left for the Middle East.

The move followed the request of the Saudi government to life the ban on deployment, at least for medical workers.

They were expected to replace their American and British counterparts, who left the Gulf when the war began.

Senator Proposes Medical Mission for Iraq

HK1502063691 Quezon City Radyo ng Bayan in Tagalog 0600 GMT 15 Feb 91

[Text] Senator Mamintal Tamano proposed that the Philippines send a medical mission to Iraq to treat civilians hit by the allied forces' bombing raid. Jojo Ismael reports:

[Begin recording] The recommendation is contained in Senate Resolution 1095 which Tamano filed today following reports that many civilians need medical treatment. In his appeal to President Aquino, Tamano said the country has sent a medical mission to Saudi Arabia to assist in medical treatment there, and this was appreciated by the Saudi Arabian Government. He proposed that the medical mission be sent through the jurisdiction of the International Red Cross, which would assign Filipino doctors and nurses to Iraq to prevent any political misperceptions. He explained that if the country supported the UN resolution for Iraq's withdrawal from Kuwait for humanitarian reasons, it is then imperative to give assistance to Iraqi civilians who are now in dire need of help due to the destruction inflicted on them by the war. [end recording]

Secretary Addresses House on Debt Payments

HK1502033891 Mnila THE MANILA CHRONICLE in English 15 Feb 91 p 3

[By Redempto Anda and Lito Zulueta]

[Text] President Aquino has already assured the country's foreign creditors that the government will not default on its debt payments, despite the debt cap rider in the 1991 budget bill, Finance Secretary Jesus Estanislao told the House yesterday.

Appearing before the economic affairs committee hearing, Estanislao said Mrs. Aquino made the assurance through the debt panel which met with the management team of the International Monetary Fund in Washington last week.

Estanislao said the debt cap item in the budget had been raised in the meeting and had created "a very negative impact" among the banks and creditors.

Estanislao added that the IMF management team had endorsed the government's economic recovery program to the IMF board after the government assured it that it will be "a responsible borrower."

"It was only on that basis that it (the economic program) was finalized," he said, adding that the debt cap provision "almost delayed formal acceptance of our program by the Fund."

Under Section 62 of the House-approved budget, the country's payments for its external loans will be limited to 10% of the 1989 export receipts. The provision in effect saves the government between $16 billion to $22 billion in payment on interest and principal.

Estanislao's disclosure appears to confirm Malacanang's intention to veto the debt cap rider if the Senate fails to make last-minute changes in the budget bill due for approval next month.

The finance secretary warned Congress that the passage of the debt cap provision in the budget bill "will seriously throw us back and will take us into economic chaos and ruin."

He said countries that decided to go into arrears on its debt experienced "economic retrogression." Its immediate effect is the cancellation of all external funding available for the country.

Central Bank Governor Jose Cuisia, who was also at the hearing, told the Chronicle that the IMF board's approval of the economic program was a prerequisite to the holding of the pledging session on the Philippine Assistance Program (PAP), tentatively set for Feb. 26.

Two Senate committees had earlier accused Estanislao and Cuisia of "overcomplying" with IMF prescriptions such as the liberalization of imports.

But yesterday, the President expressed her confidence in them.

"I have confidence in our debt negotiating team. I am definite that our team has only our national interest at heart in the performance of their task," Mrs. Aquino said in a statement.

She said the economic stabilization program that the government will submit to the IMF on Feb. 20, no matter how bitter, was needed to save the Philippine economy.

"The program we have presented is one that will be for the benefit of our country and our people through the recovery and sustained growth of our country," she said.

Japanese Bank To Release $150-Million Loan

HK1502034591 Manila PHILIPPINES NEWSDAY in English 15 Feb 91 p 8

[By Dionisio Tubianosa]

[Text] Japan's Export-Import [Exim] Bank was scheduled to release today $150 million to the Philippines following the submission of the memorandum of the country's economic stabilization program (ESP) to the board of the International Monetary Fund.

The notice of release was contained in a letter sent by Eximbank president Mitsuhide Yamaguchi to Finance Secretary Jesus Estanislao dated Feb. 13.

"We are pleased to inform you that we are going to disburse the first tranche of the Exim-FSAL (Financial Sector Adjustment Loan) to the Philippines on Feb. 15," Yamaguchi said.

Yamaguchi said he wished that the disbursement would help the country overcome its current economic difficulties. In the same letter, the Japanese official thanked Estanislao for his "great courtesy in coming to our bank and talking about your country's economic situation on Jan. 31."

Estanislao recently arrived from a three-week trip abroad to meet with the country's foreign creditors.

The $150 million is the first tranche under the co-financing agreement that the Exim-bank has entered into with the World Bank to support the financial sector adjustment program of the Philippines, Estanislao said.

In view of the significant progress that the Philippines had made in coming to an agreement with the IMF, which was expected to result in the Fund conferring on the country its international seal of "good economic housekeeping," Japan's Eximbank decided to advance the release of the first tranche, he added.

The IMF board has yet to give its official approval to the Philippines' letter of intent (LOI) on Feb. 20, but President Aquino and the country's economic managers have expressed confidence that the ESP would not meet any major opposition and would be approved just in time for the coming Philippine Assistance Program pledging session in Hong Kong on Feb. 25 and 26.

Debt Servicing Hits $4.7 Billion in 1990

HK1502034791 Manila PHILIPPINE NEWSDAY in English 15 Feb 91 p 8

[By Rexie M. Reyes]

[Text] Debt servicing continues to be a heavy burden on the economy with the government releasing $4.719 billion last year for debt payments, substantially higher than the 1989 level of $3.76 billion, official Central Bank [CB] data showed.

Total debt servicing last year amounted to 36.2 percent of the foreign exchange earnings from exports in 1990 or to 29.6 percent of export earnings in 1989.

As a percentage of the overall output of the economy, as measured in terms of the gross national product (GNP), debt servicing also showed an increase from 8.3 percent in 1989 to 10.3 percent in 1990.

Although interest payments last year, amounting to $2.0 billion, were lower than those in 1989, principal payments almost doubled to $2.715 billion in 1990 from 1989's $1.446 billion.

The increase in payments on principal debts or debt stock was largely due to the debt buyback transaction held on Jan. 3 last year when about $1.34 billion of the country's foreign commercial bank debts were repurchased at a 50 percent discount. This transaction is expected to reduce the debt burden in the future though.

Net resource outflows amounted to $2.18 billion in 1990, $250 million higher than the 1989 figure due to higher net payments to foreign banks and other financial institutions amounting to $2.15 billion, to multilateral financial institutions amounting to $229 million, and to other creditors amounting to $17 million.

The higher net resource transfer to foreign creditor banks meant that the foreign exchange outflows from the Philippines to the foreign creditor banks were bigger than the foreign exchange inflows from these creditors.

Bilateral sources of funds which included creditor governments belonging to the Paris Club showed positive resource transfers of $222 million.

Given these data, financial support from the foreign creditors remains critical in the light of the difficulties the country went through last year and the continuing Gulf war.

The country's economic managers, headed by Finance Secretary Jesus P. Estanislao and CB Gov. Jose L. Cuisia Jr., are reported to be looking at ways of improving the debt management strategy with the aim of cutting down the foreign debt substantially.

Paper Reports Trade Deficit With Germany

HK1502034991 Manila BUSINESS WORLD in English 15 Feb 91 p 2

[Text] For the first time in the last decade, the Philippines incurred a trade deficit with the Federal Republic of Germany (FRG) last year.

Based on provisional figures of the German Federal Statistics Office, imports from the FRG exceeded exports by $27 million as of October 1990.

The Philippines exported a total of $481 million to FRG but imported $508 million during the same period.

Highest Surplus

From 1980 to 1989, the Philippines was able to maintain a trade surplus with FRG.

The highest trade surplus achieved during the period was in 1981, amounting to $217 million, while the lowest was at $46 million in 1989.

Exports of the Philippines to FRG in 1989 amounted to $494 million down by 2% from $504 million in 1988.

Imports totalled $448 million in 1989, higher by 16.4% from $448 million in 1988.

Machinery and electrical products constituted the bulk of imports during the first ten months of 1990.

Machinery imports accounted for $137.4 million or 27% of the total while electrical products came second with $129.7 million or 25.5%.

Other major imports were plastics, colorings and other chemical pre-production materials ($42.5 million or 8.4%), pharmaceuticals and other finished chemicals ($32.5 million or 6.4%), and motor vehicles ($25.7 million or 5%).

Leading Exports

Garmanets and electrotechnical products were the leading exports of the Philippines to FRG as of October last year.

Foreign exchange earnings from garment exports anounted to $120.9 million or 25.1% of the total. Sales of electrotechnical products totalled $95.9 million or 19.9%.

Other top exports were edible oil fruits, oil and fats, and oil cakes ($54.3 million or 11.3%), technical oils and fats ($52.2 million or 10.9%), and fish and fish preparation ($24.1 million or 5%).

RP [Republic of the Philippines]
German Trade
(In Million U.S.$)

	RP	RP	Trade	Total
Year	Exports	Imports	Balance	Trade
1966	54	37	17	91
1970	43	77	(34)	120
1975	188	135	53	323
1980	408	273	135	681
1981	482	265	217	747
1982	387	255	132	642
1983	344	297	47	641
1984	360	174	186	534
1985	342	168	174	510
1986	431	278	153	709
1987	512	374	138	886
1988	504	385	119	889
1989	494	448	46	942
J-O [January-October] '90	481	508	(27)	989

Foreign Investment Outlook Overviewed

HK1502035091 Manila BUSINESS WORLD in English 15 Feb 91 p 2

[By Andrew D. Magsambol]

[Text] The economic uncertainties, it seems are not deterring foreign traders and investors from looking into business prospects in the country.

In statements prepared on the occasion of the opening of the Philippine International Trade Fair [PITF] yesterday at Philcite, embassy commercial counsellors from participating countries, numbering 21, said the economic crisis being experienced by the Philippines will not stop investors from checking its market potentials.

David McNamara, Canadian Embassy trade counsellor said, "Economic depression is prevalent in other countries as well. In fact, even Canada is experiencing the same misfortune, if not slightly. So I don't think there's a need to be scared about it."

This was echoed by Finnish commercial counsellor Antti Heikkinen who said, "Economic crisis is everywhere in the world. This may even serve as a challenge to do better and come up with good solutions to overcome the problems were are facing."

At the moment, he said Finland is looking for avenues for better trade between RP [Republic of the Philippines] and the Scandinavian country.

The Philippines and Finland, which is joining the annual PITF affair for the first time this year, had total trade of $10.6 million for the first half of 1990 with the former incurring a trade deficit of $2.4 million.

Josef Renggli, former Swiss Embassy charge d'affaires, opined that the economic travails of the country are temporary, and that Switzerland is more concerned about the "long-term" trade relations with the Philippines."

"We should all the more manifest our presence here now that we are turning 700 (Switzerland marks its 700th anniversary this year)," added the Swiss official. Switzerland is an importer of Philippine handicrafts, furniture and electronic goods.

Another official expressing optimism about prospects in the Philippines were Norwegian Embassy secretary Else Berit Eikeland who said "the Philippines has another chance of climbing to an economic boom provided disasters won't strike it again and if the political leadership so desires."

The trade fair is expected to result in joint ventures which is what many foreign investors are pursuing here. Michael Mauer, first secretary and commercial attache of the German Embassy, said the fair is one avenue "to further establish contacts and widen trade linkages in different ventures in the Philippines.

"In fact, smaller German companies will soon establish joint ventures with local businesses dealing with grinding wheels, metals and minute parts of semicon equipment"

Aquino Nominates New Elections Chairman

HK1502091491 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 15 Feb 91

[By Dick Sinchongco]

[Text] President Corazon Aquino today announced she is nominating Christian Monsod as Commission on Elections [ComElec] chairman. The president said she is still studying the possible replacements for Commissioners Leopoldo Africa and Andres Flores. Flores and Africa are scheduled to retire today. President Aquino clarified that Flores and Africa's replacements are still under assessment.

Meanwhile, the president rejected a proposal to suspend the National Food Authority's plan to raise the price of rice, saying that the situation may just worsen as there may be a need to replace the subsidy with higher tax. She stressed that although it is politically popular to continue the subsidy and suspend the increase in price of some commodities, the government cannot do this because of its adverse impact. It will be recalled that Senator Ernesto Maceda requested the suspension of the plan to raise the price of rice.

Church Plans Political Training for Laymen

HK1502030191 Manila THE MANILA CHRONICLE in English 15 Feb 91 pp 1, 8

[By Lito Zulueta]

[Text] The Filipino Roman Catholic Church will train its own laymen in political and economic leadership to counter the traditional politics of "guns, goons and gold," officials of the Second Plenary Council said yesterday.

The Church is interested particularly in Filipino politicians who are "pro-poor, pro-common good and pro-justice." It proposes to develop among its prospects a sense of ideology and moral values it finds lacking in the present political parties.

Bishop Dinualdo Gutierrez of Marbel, South Cotabato, and other church officials said the training would largely be through "conscientization and religious formation."

Gutierrez and other delegates to the council expressed the need to transform society by conversion of unjust social and political structures.

A working paper on "Social Concerns" complained of an unbalanced political situation wherein power is concentrated in the hands of influential few.

The paper said: "Political parties have no coherent ideology that could transform the status quo and no consistent history of helping the poor. Since they depend for money on wealthy and powerful interest groups, while depending on the poor for votes, they cannot afford to introduce truly transformative social content in their platforms."

The paper also pointed out that present political parties observed "traditional patron-client ties" and the practice of "sheer vote-buying and violence or threats of violence."

The paper was drafted by Gutierrez and other progressive prelates like Vigan Archbishop Orlando Quevedo and Sorsogon Bishop Jesus Varela.

It is expected to be a part of a document on the vision of the Filipino church for the third millenium that the council will have produced by the end of the conference on Sunday.

Gutierrez said the Church, as an institution, would not be involved in partisan politics but would always lay down guidelines for the faithful "on how to vote wisely" and in accordance with the Church's "vision of an authentic human society."

The working paper said reform was slow in coming under the present system. It said: "The present parties are seen as vehicles for personal ambition and, therefore, the phenomenon of 'balimbing' (political turncoatism) is a common occurrence.

"Because people themselves seem to care more for projects and gifts and less for the substantive issues that their elected political representatives should take a stand on, efforts for fundamental change in the political, cultural system will be seriously obstructed."

The paper said the Church had the "social and political resources" to transform society. "For some, the Church can be a power towards national development, for others the Church is perceived as the bastion of conservatism and the defender of the status quo. In either case, the perception expresses the reality that the church in the Philippines as a social institution cannot be ignored."

The paper cited a recent survey showing that the people wanted the Church to involve itself even on government concerns. The people "are not generally overly concerned with the age-old problem of separate areas of responsibility for Church and state," it said.

Gutierrez said the Church realizes the difficulty of transforming structures in society, especially political structures.

"But we will be training the future politicians of the country," he said. He explained that, while partisan politics is an arena for laymen, bishops and priests could tackle the moral dimensions of political issues.

Gutierrez and Quevedo also talked of the new vision of the church of "empowering the people."

"The laity shall be the agents of the new evangelization, agents of the transformation of unjust social structures," Gutierrez said.

Police Patrols Switch From Armalites to Shotguns

HK1502034091 Manila MANILA BULLETIN in English 15 Feb 91 p 18

[By Robert Requintina]

[Text] The Philippine National Police Capital Command (PNP- Capcom) will distribute shotguns to police districts in Metro Manila for roving patrol operations and general police duties, replacing the Armalite rifles issued them.

Brig. Gen. Marino L. Filart, PNP Capcom director, said yesterday 1,000 shotguns kept in the PNP armory will be issued next week to city policemen after they are tested and repaired.

Filart said the replacement of Armalites and other long firearms with shotguns is aimed at easing the lethal effects in case policemen battle criminals and rebels.

He cited incidents in the past when several bystanders were hit by stray bullets as lawmen use Armalite rifles in fighting criminals.

Old shotguns, Filart said, are still being tested to determine their dependability and reliability.

He said half of the stocks of guns have defects and are being repaired at the PBNP firearms depot.

Once the shotguns are repaired, Filart said the command will recall the Armalites issued to mobile patrols and ordinary policemen.

Long firearms will be deposited at the police headquarters to be used only during special operations, he added.

Filart said lawmen assigned to special units like the Special Weapons and Tactics (SWAT) can carry firearms but only on duty.

He warned that administrative sanctions will be taken against law enforcers who will be caught carrying high-powered guns while in civilian attire.

His warning came amid reports that some police officers carry high-powered guns even though they are not on duty.

Military Rebel Officer Arrested in Quezon City

HK1502013591 Manila Far East Broadcasting Company in Tagalog 0100 GMT 15 Feb 91

[Text] Military intelligence agents arrested a top rebel officer of the Reform the Armed Force Movement-Soldiers of the Filipino People [RAM-SFP] in a residential area in Quezon City yesterday. Military sources identified the officer as Lieutenant Colonel Dante Bernate. Bernate led the takeover of Villamor Air Base in Pasay City during the failed December 1989 coup d'etat, and a cash reward of 500,000 pesos had been offered for his capture. He is the fourth RAM-SFP leader the military has captured since Lieutenant General Biazon took over as Armed Forces of the Philippines chief of staff.

Six Rebels Killed in Bataan, Iloilo Clashes

HK1202052691 Manila DIYARYO FILIPINO in Tagalog 12 Feb 91 p 2

[By F. Taboy]

[Text] The Philippine Army killed six New People's Army [NPA] members in separate encounters in Bataan and Iloilo. Philippine Army Chief Major General Lisandro Abadia received a report yesterday saying that Charlie Company, 24th Infantry Battalion clashed with the rebels in Dau, Barangay Dian-an, Mariveles, Bataan.

Ernesto Quibrar led the group that attacked the barangay which is believed to be a rebel stronghold. The fight lasted 45 minutes and resulted in the deaths of three NPA guerrillas. Various kinds of firearms were confiscated from them. There are no casualty reports on the government side.

In Iloilo, three NPA rebels were killed by Alpha Company, 15th Infantry Battalion in Barangay Passi, Riray. Members of the dreaded South Front Guerrilla Unit and District Guerrilla Unit 3 are believed to have been killed. First Lieutenant Nestor Ignacio and 2d Lieutenant Manuel Sequitin led the attack.

Thailand

Athit To Visit Hanoi 7-9 Mar To Discuss Summit

BK1502011191 Bangkok THE NATION in English 15 Feb 91 p A4

[By Kawi Chongkitthawon]

[Text] Thai Foreign Minister Athit Urairat is scheduled to make an official visit to Hanoi early next month, a diplomatic source here said yesterday.

The source said Vietnamese Foreign Minister Nguyen Co Thach confirmed the March 7-9 visit to the Thai Ambassador to Vietnam Suraphong Chaiyanam during a courtesy [call] earlier this week.

The two ministers will discuss preparations for the working summit between Prime Minister Chatchai Chunhawan and Vietnamese Prime Minister Do Muoi which has been delayed for months.

It is uncertain now exactly when the summit will be held. It was first planned to be held late last year and was later postponed. There was no official explanation from both sides.

Athit's visit to Hanoi will be his first, coming after he completes his tour of Asean countries. He is visiting the remaining Asean countries of the Indonesia, and Brunei. His trip to the Philippines was postponed at the last minute before he left Wednesday for Brunei.

The first Asean countries he went to were Malaysia and Singapore. It is customary for a new foreign minister to visit his Asean counterparts.

The source said it is possible that Athit would make an official visit to Beijing before his planned visit to Hanoi "to demonstrate the continued good Sino-Thai relations."

Topping the agenda in the talks with Hanoi are bilateral economic cooperation, the Cambodian problem and outstanding bilateral issues.

Thailand recently agreed to open a commerical consulate in Hanoi to promote economic cooperation. Malaysia is another Asean country which has opened a similar office, but it is located in Ho Chi Minh City.

Meanwhile, a group of Thai academics will be in Hanoi next week as part of the exchange programme for academics of the two countries.

Phaen Wannamethi, director of Foreign Minister's Institute of International Studies, will lead an eight-member delegation to Hanoi Feb 20-26 to discuss cultural and social cooperation. The Thai delegates wil comprise social science lecturers from various universities.

Last year, members of Vietnam's Social Science Committee visited Bangkok and held discussions on nonpolitical issues with Thai academics to strengthen the cooperation between the two nations.

During his visit to Vietnam in January 1989, former foreign minister Sitthi Sawetsila proposed the idea of academics from the two countries exploring ways and means to forge closer cultural and social cooperation.

Cambodia's Hor Namhong Welcomes Chatchai Proposal

BK1502140491 Bangkok Domestic Service in Thai 1200 GMT 15 Feb 91

[Text] Speaking to correspondents at noon today after meeting at the Princess Hotel with Hor Namhong, foreign minister of the Phnom Penh Cambodian faction, Prime Minister General Chatchai Chunhawan said the representative of the Heng Samrin faction agreed with his proposal to form a working committee for the renovation of Cambodia. He said the meeting today dealt solely with this issue, noting that political issues can be discussed later. Regarding the formation of the working committee for renovation of streets and airports, the prime minister said the Heng Samrin and other Cambodian factions welcomed the proposal and affirmed that the committee will be formed as soon as possible. Details of the matter are being studied, said the prime minister.

Regarding the meeting of the Supreme National Council [SNC], the prime minister said he hoped that it will take place and that all factions will sign the joint statement, noting that only three factions were represented last time.

Meanwhile, Government Spokesman Pridiyathon Thewakun reported to correspondents on the prime minister's meeting with Hor Namhong. He said the Heng Samrin faction representative gave assurances that he would attend the SNC meeting and that what was left now was to set the venue and time of the meeting. According to the spokesman, the prime minister discussed with Hor Namhong the Thai proposal for the formation of a working committee on the renovation of highways, airports, and railroad tracks in Cambodia. The Heng Samrin Cambodian faction representative said his government had already learned about the proposal and had a meeting to discuss it which resulted in feeling that it was a very good idea and that the faction would be ready to support it. It will consult other Cambodian factions on the formation of this working committee. The spokesman said the representative of the Heng Samrin Cambodian faction pointed out that the meeting will be an important step in eliminating differences of views and arriving at consensus on more issues.

Referring to Thailand's plan to set up a trade office in Phnom Penh, Pridiyathon cited Hor Namhong as saying that it was a good idea and that he was ready to support it.

According to the spokesman, during the meeting the prime minister discussed cooperation in the use of marine resources in the common sea boundary between Thailand and Cambodia, suggesting that the two countries should consider future cooperation on joint utilization of such resources. The prime minister noted that Thailand and Malaysia have a similar cooperation agreement, particularly on the development of seabed energy resources. In the interest of good bilateral cooperation, Thailand is ready to send specialists to help survey for oil and gas, if the Cambodian side agrees. The prime minister also suggested to the Cambodian representative that Cambodia should now consider investment in seafood production, because tens of thousands of UN staff and tourists will be coming to Cambodia. If Cambodia wishes, Thailand is ready to provide assistance in agricultural and production technology, the prime minister said.

Foreign Minister Remarks on Agreement With Brunei

BK1502015591 Bangkok THE NATION in English 15 Feb 91 p A2

[Text] Thailand and Brunei have agreed to set up a joint working group on petroleum as a means to strengthening bilateral relations between the two countries, Foreign Minister Athit Urairat said yesterday.

Athit said after returning from a one-day visit to Brunei that he and the leaders of that country agreed that there should be cooperation on petroleum as Brunei has expertise in this field.

Athit had an audience with Sultan Hassanal Bolkiah and met with his Brunei counterpart Prince Mohamed Bolkiah yesterday morning.

Athit said Sultan Bolkiah also asked him to convey the invitation of Brunei's royalty to His Royal Highness the Crown Prince of Thailand to visit the country in order to strengthen ties between the two Royal families.

The minister said Thailand and Brunei were of the view that both nations should help strengthen cooperation among Asean states to upgrade the potential of the region especially in trade and economy in order to compete with other regions.

He said he also informed the Sultan that Prime Minister Chatchai Chunhawan was likely to attend an international conference on regional security and economy to be held in Indonesian island of Bali next month.

The sultan had indicate that he would attend the conference if Chatchai did so.

The conference, "Asean Contries and the World Economy: Challenges of Change," is being sponsored by the Asia Society and the Jakarta-based Center for Strategic and International Studies with many Asean newspapers and THE NATION as coordinators.

Further on Ministerial Meeting

BK1502130491 Bangkok Voice of Free Asia in Thai 1030 GMT 15 Feb 91

[Text] Foreign Minister Dr. Athit Urairat has reported on his meeting yesterday with his Brunei counterpart, Prince Mohamed Bolkiah, in Bandar Seri Begawan, Brunei's capital. He said they discussed political and economic issues. The Brunei foreign minister informed him that Brunei supported all efforts to end the Cambodian conflict, particularly the continuing UN efforts and Thailand's proposal to renovate Cambodia in order to accommodate the return of Cambodian refugees after the hostilities become less violent. Athit informed the Brunei foreign minister that Thailand was trying to convince the Cambodian factions to attend the meeting of the Supreme National Council [SNC] once again. This did not mean that Thailand would organize the SNC meeting, but would allow the Cambodians to make their own decisions.

Meanwhile, Foreign Ministry Spokesman Sakthip Krairoek disclosed that the Brunei foreign minister expressed support for the Philippine proposal on establishment of an ASEAN security cooperation body and for the Malaysian proposal on formation of an ASEAN economic cooperation grouping, saying they were good initiatives. Brunei has assigned its senior officials to study these two proposals.

Sakthip said the Thai foreign minister noted that Brunei can consult Thailand if it wants any cooperation, pointing out that Thailand was ready to provide cooperation and assistance, particularly in the trade and economic areas. The Thai foreign minister also emphasized that Thailand wanted ASEAN to be the hub of regional development that expands to Indochina and Asia and the Pacific, including Japan and the United States.

Minister's Handling of Aviation Talks Criticized

BK1502031091 Bangkok THE NATION in English 15 Feb 91 p B12

[Comment: "Samak move could turn the clock back"]

[Text] The fashion in which Samak Suntharawet, minister for transport and communications, is handling the Thai-US air service agreement is appalling. Almost single-handedly he extended by another seven months the deadline of March 31, by which time the US carriers were required to make a significant cutback in their flight services to Bangkok, as ordered by the Thai aviation negotiating team.

This decision was announced after the US Ambassador Daniel O'Donohue paid him a visit at his office on Wednesday and submitted a formal request for re-opening a dialogue on the bilateral air service agreement. By doing so, Samak might not have realized that he has significantly undermined the negotiating position carefully constructed by the aviation negotiating team over long months.

Why was it necessary for Samak to extend the deadline further? There might not be any plausible answer to it; and the minister might not have a clear agenda in his mind. His instinct is to cool the bickering over the air service accord which threatens to become yet another major trade issue between the two countries. But his method of buying time would not serve the long-term interests of Thailand in regard to aviation rights.

The Thai team is not twisting the arm of its US counterpart. What it tries to do is to safeguard the national interest. The US aviation authorities have been informed for more than four months that unless the talks on the bilateral air service agreement make any progress, the US carriers must cut back their flight service from a combined 34-35 flights a week to 28, beginning April 1 this year.

Between the period of the notification and the deadline the US side has all the time to come up with proposals to keep the talks alive, if it does not want to see the business of the US airlines severely affected.

The Thai negotiating team has only toughened its stand after talks to renew the bilateral air service agreement, originaly signed in 1979, collapsed in Washington DC in late October last year. The accord expired the following month, and flight services currently operated by Thai Airways International and the four US airlines between the home markets are allowed on a temporary basis, so as not to disrupt the airline industry. Before this there were a series of negotiations to renew the bilateral air service agreement which lapsed over a period of several years. Nothing fruitful has come about, though.

What is peculiarly dubious is the minister's charge that the Thai team has been negotiating with "prejudice" in the back of its mind. This term is quite difficult to define during the tough negotiations, during which both sides are entrusted with the responsibility of wringing out the best deal for their countries. Prejudice can only be established when the negotiation is based on the assumption that no agreement should be reached at all.

But that is not the case here. What the Thai negotiating side wants to achieve is to limit the presence of the US airlines in this region from becoming too powerful. The US carriers can fly to Bangkok any number of times, but their exercising the right of "Fifth Freedom" will have to be curbed. By this it means that the US airlines' current practice of flying [word indistinct] from Japan, South Korea and Taiwan, the major stop-over points, to Bangkok is growing at the cost of the eroding the market share of Thai Airways International and other regional airlines.

Some 1.2 million passengers from these three lucrative markets are travelling to Thailand every year, compared with 300,000 from the United States. It is natural that THAI and other airlines of the three countries mentioned are trying to form a realignment to protect the business of their home markets. By a geographical necessity, they are entitled to this practice, particularly at a time when the airlines worldwide are entering into alignments to counter competition from other carriers.

Eventually, this line of negotiation will have to be adopted by Thailand, no matter how long the Thai-US air service agreement is delayed. Samak's move might help ease the Thai-US relations to a certain degree, but the problems still remain. In no way are the US airlines willing to cut back their flights to these lucrative markets.

Against the onslaught of the competition in the airline industry, the central question is how will THAI manage to consolidate its position in the major money-making routes. It is losing money flying to the US. If it cuts back its US routes, THAI will be able to shift its resources to concentrate on building up the business in the Asian markets. To achieve this end, it neeeds help from the government. And Samak is in the unique position to help the national flag carrier.

Revised Patent Law Offers 'Little Changes'

BK1502035191 Bangkok THE NATION in English 15 Feb 91 pp B1, B12

[Text] The revision of the patent law offers surprisingly little changes from the original Patent Act B.E. 2522, which has strained the Thai-US relations, said a source in the Commerce Ministry.

This is a contradiction to what the United States has repeatedly demanded from Thailand.

Washington wanted the Thai partner to give "effective and adequate" protection of intellectual property rights.

The draft amendment was submitted to the Cabinet-appointed committee reviewing and amending the intellectual property laws chaired by Permanent Secretary Phatchara Itsarasena of the Commerce Ministry yesterday.

If adopted by the committee and the Cabinet, the bill will go before the House in the May session.

Although the sub-committee on patent law has suggested that the protection umbrella be widened to cover pharmaceutical products, their active ingredients, food, beverage farm machines, biological processes, the state still retains its authority to cancel the right in several instances.

But the sub-committee has suggested the abolition of Article 77, which allows others to import patented products at the time when the patent holder does not use the right by manufacturing the product locally.

Under this revision, those wishing to import the patented products have to seek a consent from the patent holder.

But if the patent holder refuses to license the right, the Department of Commerical Registration still has the power to force the patent holder to allow imports by Thai licensees.

The local importers would be required to pay royalty to the patent holder, but the department will ensure that the price demanded by the patent holder is reasonable.

According to the present legislation, if the patent holder does not produce the patented product within three years after having the patent registered in Thailand, others can ask to share the right.

The measure is aimed at preventing patent holders from unduly exploiting their right.

Article 51, which allows the state to share the right for social benefits and national defence, remains intact.

The regulation has sparked dissension among the Americans on the ground that it gives the state ample opportunities to licence the right although the state will have to give royalty to the patent holder.

But the sub-committee has suggested that the state pay fees to the patent holder similarly as in the case of national disaster and emergency. Currently, the law does not require the government pay for licensing the right.

Moreover, if the authority can prove that the patent holder still exploits the rights even if the imports is allowed, the state may cancel his right altogether.

At present, the government can exercise its power after six years of the patent registration. The sub-committee has also suggested that the time frame be removed.

Yesterday was the first time that the sub-committees handling four aspects of the intellectual property right protection namely trademark, trade secrets, copyright and patent met since the Cabinet appointed the main committee in the mid 1989 to accelerate the legal process to avert the possibility of trade retaliation from Washington.

Ministry Cites U.S. Copyright Violation Complaint

BK1502150391 Bangkok PRACHACHAT THURAKIT in Thai 14 Feb 91 pp 1,17

[Excerpt] A source at the Commerce Ministry told PRACHACHAT THURAKIT that three U.S. private associations have lodged a complaint with the USTR [U.S. trade representative] over violations of property rights in Thailand, and suggested that Section 301 of the U.S. Trade Act be applied to Thailand. The complaint indicated that there were violations of copyrights of the U.S. recording industry through imitation of music and videocassettes—without copyright permission for reproduction and distribution, and without going through the sole agents representing the U.S. companies owning the copyrights.

The complaint indicated by name the 13 labels of music cassettes pirated and sold in Thailand. They are: 1) Peacock of the Super Peacock Factory; 2) Musiccall of the Onpa Company; 3) PRT, PS, and PHT of the Rota Company; 4) Maiko 501 and Pinoccio; 5) Seven Rock; 6) CMC of the Lapso Promotion Company; 7) Ego of the Hammer Magnetic Company; 8) Stereo; and 9) Queen Cup and Evergreen.

The identification by name of those labels and companies which produced the pirated music cassettes indicated a U.S. intention to accuse Thai authorities of not paying attention to the problem and not suppressing the sources of those productions. This has raised concerns among Thai authorities that Section 301 may once again be used to pressure Thailand, something the U.S. did successfully last year when it forced Thailand to open its market for U.S. cigarettes.

The three U.S. associations which petitioned the USTR to take action against Thailand are: the International Intellectual Property Association (IIPA), the Motion Picture Exports Association of America (MPEAA), and the Recording Industry Association of America (RIAA). The USTR has already placed the complaint of the three associations on record. According to the latest development, a first round of talks between Thailand and the United States on this problem is planned 8-12 March in Los Angeles.

The source said Thailand's delegation for the first round of talks will be headed by Deputy Permanent Secretary for Commerce Kroekkrai Chiraphaet, while the U.S. team will be led by Assistant USTR Peter Collins. The talks will cover four major areas: U.S. copyright violations in Thailand, the situation after the opening of Thai markets to foreign cigarattes, the Uruguay round of GATT talks, and the U.S.-ASEAN trade talks.

The highlight of the talks will concern the allegations of the three U.S. private associations on the piracy of music and video cassettes as well as the translation of U.S. copyrighted publications. The complaint, signed by Richard M. Cooper and Philip B. Bush, made it clear there is a loophole in enforcement of the copyright law in dealing with violators of intellectual property, especially U.S. copyrights. There is no immediate law enforcement without having to wait for court sentences.

Meanwhile, our source in the working group in charge of laying down guidelines for talks with the United States on intellectual property violations told PRACHACHAT THURAKIT that the Thai delegation will explain to the U.S. team that Thailand has been making efforts to suppress violators of intellectual property rights and has made several arrests. The Thai team will produce records from the Police Department's Alien Registration and Taxation Division, as well as records on manpower in the Police Department in charge of cases concerning violations of intellectual property rights.

The Thai team will also try to explain to the U.S. officials the Thai legal process involved in taking action against violators of copyright law. The team will point out to the U.S. officials that the penalties under Articles 43, 44, and 45—which say that violators are liable to a fine of not more than 200,000 baht and one year imprisonment—are penalties meted out under the criminal law, which prescribes only small fines and provides a probational period for offenders pending penalties. This is the area of juridical power with which the executive power cannot interfere. If the victims of copyright violations want to seek adequate compensation for the losses, they are advised to file complaints with the civil court as well.

Anyway, the Thai court will be in charge of the ruling over cases of copyright violations. On this, both the United States and Thailand should agree on the principle that legal provisions differ from one country to another. The source said that during talks the Thai side will try to sum up those points to the Americans to accept as a basis. Thai officials, however, will give an assurance to the Americans that the Thai police will take drastic action and arrest violators of copyrights as petitioned by the Americans. [passage omitted]

Pharmaceutical Patent Bill Reported Completed

BK1502143091 Bangkok NAEO NA in Thai 12 Feb 91 p 9

[Text] According to a Commerce Ministry source, the draft patent bill has been completed and will be submitted for consideration on 14 February by the committee on amendment of laws on intellectual property headed by Phatchara Itsarasena, the Commerce Ministry permanent secretary.

The draft patent bill's protection scope will be broader. For example, while Article 9 of the present law exempts protection of pharmaceuticals and agricultural machinery, the new draft will provide protection for those products. Instead, exemptions in Article 9 will be given to procedures for treatment of human illness.

The protection time will be longer, from the previous 15 years from the date of application for patent registration to 20 years. Regarding patent enforcement, while previously the government has the right to use the protected patents without compensation if it deems necessary, the new draft will require negotiation with the patent holders first and the holders will receive compensation if negotiations are successful. If negotiations are unsuccessful, use of patents will be forced, but patent holders will also receive compensation.

The source said the time has come to provide protection for pharmaceutical patents, otherwise Thailand will suffer considerable retaliation in international trade which will affect its exports. In addition, local consumers will genuinely benefit from pharmaceutical manufacturers and medical research; they will not receive fake or inferior medicine. At present new medicines accounted for about 10 percent of the pharmaceutical market; most of these medicines are for the treatment of serious illnesses.

The source said although there might be certain groups which disagree with pharmaceutical patent protection on the grounds that it will drive up the price of medicine, the opposers should propose solutions to the problem for consideration.

Pharmaceutical Industry Official on U.S. Policy

BK1502150491 Bangkok NAEO NA in Thai 14 Feb 91 p 9

[Text] Priya Sibunruang, president of an association of the Thai modern pharmaceutical industry, has commented on the Commerce Ministry's plan to amend the patent law, particularly concerning pharmaceutical patents, to give broader protection to cover both the manufacturing process and finished products, whereas the current law protects only the manufacturing process. She said if the amendment becomes law, the consumers and local pharmaceutical industry will certainly be affected.

She said the price of medicine will increase even if there is a law fixing prices and outlawing monopolies. A policy of setting pharmaceutical prices by having manufacturers submit price structures and production costs to prevent excessive prices is not practical and can be evaded because important pharmaceutical ingredients are produced by foreign companies which exercise monopolies over the world market. If they are required to submit price structures, they will submit a high price, which will in turn drive up the price of finished pharmaceuticals. The law cannot force compliance by the world market.

Priya said competition will force about 50 small local pharmaceutical producers out of business, while the some 120 medium and major producers will have to seek joint ventures with foreign companies because the market will not expand as before, and they eventually will be taken over by foreign companies.

There is a suggestion that with broader protection, trade names and trademarks should be discontinued, adopting generic product names and manufacturer names instead; this way consumers can be trained to identify pharmaceuticals by their generic names, not trade names, which will prevent manufacturers from being able to fix product prices. This suggestion will produce little result because consumers will turn to identifying the name of manufacturers, not the trade names. Moreover, this suggestion will affect only new products.

Moreover, it is unreasonable to amend the law in response to the U.S. wish, in exchange for no discrimination against other Thai products, because the United States could bring up other issues for Thailand to redress by threatening the use of Article 301 for trade retaliation. There is no guarantee that the United States will not create more problems for Thailand's trade if Thailand complies by amending its law. If the United States promises not to bully Thailand again, the pharmaceutical industry can probably accept the amendment for the sake of benefit to other industries, Priya said.

Diplomatic Ties Established With Equatorial Guinea

BK1502105291 Bangkok Domestic Service in Thai 0000 GMT 15 Feb 91

["Announcement by the Prime Minister's Office on the establishment of diplomatic relations between the Kingdom of Thailand and the Republic of Equatorial Guinea"]

[Text] Desirous of promoting the existing friendly relations between the Kingdom of Thailand and the Republic of Equatorial Guinea, the Government of the Kingdom of Thailand and the Government of the Republic of Equatorial Guinea have agreed to establish normal diplomatic relations from 15 February 1991, and to exchange diplomatic representatiives at ambassadorial level.

Announced on 15 February 1991.

Vietnam

Political Report Urger Closer Ties With U.S.

BK1502012391 Bangkok THE NATION in English 15 Feb 91 p A1

[By Kawi Chongkitthawon]

[Text] Vietnam has dropped the term "special relationship" it once used to describe its close ties with the socialist countries of Indochina and called for better ties with China and the United States as part of its new diplomatic outlook for the 1990's.

A political report drawn up by the Communist Party of Vietnam to be made public next week says Vietnam will "consolidate and develop unceasingly the friendship" with Laos and Cambodia, dropping the word "special".

Vietnam considered both Laos and Cambodia to be neighbours with which it had special relations because Hanoi helped them in their wars of national liberation.

Vietnam is the main backer of the Pathet Lao movement, which took over Laos in December, 1975. Vietnamese troops also forced the Khmer Rouge regime out of power in Cambodia at the end of 1978.

Besides calling for closer coopration with its main ally, the Soviet Union, Vietnam also seeks the acceleration of Sino-Vietnamese normalization process, the gradual broadening of bilateral cooperation and peaceful negotiations to settle unresolved problems.

China fought a brief but bloody border war with Vietnam in 1979. Its relationship with Hanoi has slowly improved in recent years. But Beijing has said further improvements in the ties will depend on the peaceful settlement of the Cambodian problem.

Vietnam has reiterated time and again that normalization of its relationship with China should not be linked to the Cambodian conflict.

Although government-to-government ties between China and Vietnam have not reached the state of normalcy, people-to-people contact as well as border trade have increased with Chinese merchant ships calling on Haiphong Port in the past several weeks.

The report, copies of which were distributed to party members for further discussion, also calls for the speeding up of US-Vietnamse normalization. US cut off diplomatic ties with Vietnam after it was defeated in the Vietnam war in 1975 and is still maintaining an economic embargo on the communist state.

Vietnamese leaders have expressed desire to develop relations with Southeast Asian countries as well as those in the Asia-Pacific region. Hanoi, along with Vientiane, has made it known that it wants to join Asean to broaden its economic relations with the rest of Southeast Asia.

The document, which is expected to be amended, will be finalized at the 12th plenum of the party scheduled for May and presented to its congress in June.

It also says that Vietnam will contribute to making the United Nations serve the cause of peace effectively. It is a departure from Vietnam's previous policy which sought to belittle the role of the UN.

The reference to the UN in the document, according to political analysts based here, is also aimed at highlighting the Vietnamse role in the peaceful settlement of the Cambodian problem. Hanoi said it supports the UN role in overseeing the transitional period in Cambodia, but it must not interfere in Cambodia's internal affairs.

Vo Chi Cong Sends Tet Greetings to People

BK1502054391 Hanoi Domestic Service in Vietnamese 2300 GMT 14 Feb 91

[Tet greetings from Vo Chi Cong, party Central Committee Political Bureau member and chairman of the Council of State; date not given—recorded]

[Text] Beloved compatriots and comrades:

On the occasion of the New Year, on behalf of the party Central Committee, the National Assembly, the Council of State, and the Council of Ministers, I cordially extend my affectionate regards and warmest greetings to all of you—workers, peasants, intellectuals, combatants of the People's Armed Forces, war invalids, sick soldiers, veteran cadres, families of fallen combatants, families that have rendered meritorious services to the revolution, elderly people, youths, teenagers, children, people of various ethnic minorities and religions, and overseas Vietnamese.

Last year, thanks to the great efforts of the people and combatants throughout the country, positive changes continued to be recorded in the socioeconomic situation despite the many more difficulties and complexities than before, thereby creating favorable conditions for maintaining a stable situation in all respects and for further national development in the time ahead. The results we have recorded have affirmed the correctness of the orientation and steps taken by our party and state in the renovation process, and the greatness of the efforts made by our people and combatants and by all levels, sectors, mass organizations, and social establishments. On behalf of the party and state, I warmly commend all our compatriots and combatants for bringing into full play their mastery and industrious and creative labor, recording many outstanding achievements for the cause of building socialism and defending the fatherland. I welcome our kith-and-kin Vietnamese living abroad who have upheld patriotism and actively contributed to national construction. I avail myself of this occasion to express my heartfelt thanks to the friendly countries and to all organizations and individuals the world over for their warm assistance to and suppport of the Vietnamese people. I extend my hearty greetings to foreign comrades and friends who are welcoming the New Year in Vietnam.

Beloved compatriots and combatants, entering the new year, let all people and combatants throughout the country develop their tradition of self-reliance, their spirit of initiative, and their creative power to surmount all new difficulties and trials; step up production and business; expand economic relations with foreign countries; strictly practice economization; resolutely struggle against manifestations of negativism in society; purify the state apparatus; firmly maintain social discipline, order, and security; continue to build the all-people national defense; outstandingly fulfill the socioeconomic tasks and targets for 1991 recently decided on by the National Assembly.

In the new year, let us further step up the renovation process in all fields and record many new successes to greet the Seventh Congress of the glorious Communist Party of Vietnam in a practical manner. We are resolved to fulfill the testament of venerated and beloved President Ho Chi Minh. Let our entire party and people unite in our effort to build a peaceful, unified, independent, democratic, prosperous, and strong Vietnam and to make worthy contributions to the cause of world revolution.

Affectionate regards.

Army Paper on Challenges Posed by New Year

BK1502105591 Hanoi Domestic Service in Vietnamese 1400 GMT 13 Feb 91

[Article published in Tan Mui [Year of the Goat] Lunar New Year issue of QUAN DOI NHAN DAN: "Spring, Challenges, and Confidence"]

[Text] The term spring always sounds like a melody. Nonetheless, each person and each nation may have different feelings as spring comes again. This is particularly true with the present time when people are witnessing so many upheavals. Last spring our people celebrated Tet in an enthusiastic atmosphere. The term progress was heard everywhere. This spring our party and people have organized meetings to discuss and contribute views to the party draft documents and hope for the best. Nevertheless, when touching on production and everyday life, people have often run across such terms as difficult, very difficult, or extremely difficult.

What seems to be unreasonable is actually easy to understand. In the end, like it or not, we still have to get to the starting point to compete with more than 200 other countries on this planet in a race before the start of the 21st Century.

The introductory part of the draft strategy of socioeconomic stabilization and development up to the year 2000 says: Our country advances to socialism from a very low starting point. Today it remains one of the world's poorest nations. Although it makes us sad, this bitter truth does give us some sort of peace of mind because now that we know our drawbacks, we will resolutely sweep away illusions, seek ways to overcome weaknesses and difficulties, and firmly surge forward.

Obviously, apart from difficulties, with the advent of 1991 many advantages and new factors can also be seen. Instead of making a step backward, we must definitely gain a firm foothold, move forward, and make every effort to liberate our latent potential. To this end, everyone must courageously overcome difficulties and challenges, uphold the spirit of self-sufficiency and self-reliance, and know how to practice thrift in order to benefit a great cause.

It is our people's hope that the country will promptly be cured from the evils of bureaucracy, corruption, injustice, and sluggishness; that virtuous and talented people will be assigned to the right places; and that opportunistic elements who fish in troubled waters will be gradually replaced by honest and good-hearted people. It is necessary to see to it that even a kilo of paddy, a steel bar, and a piece of wood should all be used to benefit the country and the people. People who are in charge of financial management or who have money at their disposal must be very careful about spending.

Resolute measures must be taken to protect spiritual values and basic moral principles from being trampled by pragmatism, individualism, rivalry, and the practice of regarding money as one's raison d'etre. Good relations between people who know how to take care of themselves as well as to show concern for their fellow men, who show compassion for others, and who display a high sense of responsibility must serve as the groundwork of a healthy and developed society.

As far as our country is concerned, after four years of renovation in accordance with the spirit of the Sixth Party Congress, we have derived valuable and useful lessons as follows: We must work closely together if we want to ensure a plentiful life for everyone. The expression "thanks to the party and the government" that people used to speak in the past to express their total dependence has gradually been replaced by the dynamism and resourcefulness of all echelons, branches, units, localities, and genuine workers.

Progress and difficulties have been recorded for two consecutive years now. If we pay enough attention, we will see that progress does not cause people to show baseless optimism nor do difficulties undermine hope because we have firm confidence in our people's intellect and physical strength, in Uncle Ho's party, and in the very path that our people have chosen and pursued for 61 consecutive years now, a path which has given rise to the present fatherland and socialist regime.

Vo Nguyen Giap Visits Hanoi Radio, TV Station

BK1402153191 Hanoi Domestic Service in Vietnamese 2300 GMT 13 Feb 91

[Text] On the occasion of celebrating the new year, Senior General Vo Nguyen Giap, vice chairman of the Council of Ministers, paid Tet visits to the cadres and people of the districts of Phuc Tho and Tu Liem and the Hanoi radio and television station.

While visiting cadres, journalists, editors, and technical staff of the Hanoi radio and television station, the senior general was encouraged to know that in the past the station has made many efforts to improve the form, content, and quality of radio and television programs. These positively serve the renovation undertaking of the party and people of Hanoi.

The general reminded cadres, journalists, and technical staff to continue to improve the quality, to renew constantly the contents and the forms of the programs deserving the Hanoi people's voice, and to reflect the activities and demands of our capital's people.

Visiting the Dong Xuan market, which was just put into operation during the new year celebration, the general talked to the traders in the market in a friendly manner. He also reminded the local authority of Hoan Kiem Ward to organize and manage the market well so Dong Xuan can become a real Hanoi trading center successfully serving production and life in the capital.

Coming to Tu Liem Ward, the general visited a garden of Mr. Nguyen Xuan Huong in Minh Khai Village and he also visited the Nghi Tam flower village in Quang Ba, which is covered with brilliant flowers and abundant fruits.

Nguyen Thanh Binh, Le Quang Dao Visit Ha Bac

BK1402142591 Hanoi Domestic Service in Vietnamese 2300 GMT 13 Feb 91

[Text] Several days before New Year's Day, Comrade Nguyen Thanh Binh, member of the Political Bureau and member of the party Central Committee, and Comrade Le Quang Dao, member of the party Central Committee, chairman of the National Assembly, and vice chairman of the Council of State, paid Tet visits to cadres and people in Ha Bac Province.

Nguyen Thanh Binh, Le Quang Dao, and the local leading comrades visited and presented gifts to the elderly revolutionary cadres, the families which had helped and protected the party leading cadres in the darkened days of the revolution, and families with excellent economic construction achievements in the province.

They paid Tet visits to cadres and people in the districts of Luc Ngan, Luc Nam, Tan Yen, Hiep Hoa, Viet Yen, Tien Son, and the towns of Bac Giang and Bac Ninh. They also visited workers at the Dap Cau glass enterprise, the Quyet Tien limestone enterprise, Bac Ninh town, and the Bac Ninh northern traditional music band. In the visiting places, they listened attentively to the local comrades report on the socioeconomic, security, and living situations, especially concerning the people receiving social assistance. They also listened to the reflections of the thinking and aspiration of the local cadres and people.

They made friendly inquires about production and working conditions and suggested many practical and useful ideas to the localities. The suggestions were about management, guidance, and motivating the people to develop the self-reliance in order to develop local advantages, to construct the economy and culture, and to strengthen the security and national defense. They also urged the localities to implement the Sixth Party Congress' resolutions well, to prepare the party congress well at all levels before the Seventh National Party Congress, and to successfully implement the renovation.

In the afternoon 13 February, Comrade Le Quang Dao paid a Tet visit to cadres and people of Back Khoa Subward of Hai Ba Trung Ward in Hanoi.

Do Muoi Visits Cadres in Quang Ninh Province

BK1402112591 Hanoi Domestic Service in Vietnamese 2300 GMT 13 Feb 91

[Text] On the days before this New Year's Day, Comrade Do Muoi, member of the Political Bureau of the party Central Committee and chairman of the Council of Ministers paid Tet visits to the ethnic minorities, armed forces, and the Quang Ninh mine's workers.

The chairman had working sessions with the standing provincial party committee and the permanent provincial people committee. He met more than 100 leading cadres, retired cadres, and families which had contributed a great deal to the province's revolution. He paid Tet visits to the people and soldiers of the districts of Binh Lieu, Hai Ninh, and workers and cadres of the Cam Pha mine company.

In the working sessions and in the visits, the chairman conveyed the best regards of the party Central Committee, the National Assembly, the Council of State, and the Council of Ministers to the party committees, the ethnic minorities, and cadres and soldiers of the Quang Ninh armed forces on the occaision of celebrating the Year of the Goat.

The chairman heartily praised the party committee, the soldiers, the people, and the ethnic minorities of Quang Ninh Province for making progress and paving the way in 1990 to implement successfully the socioeconomic duties in 1991, despite present difficult situations. He wished Quang Ninh quick progress in the renovation undertaking, outstanding implementation of the 1991 socioeconomic targets, successful organization for party members and people to provide opinions to the party draft documents, and improvement in the party congresses at all levels to score achievements to celebrate the Seventh Party Congress.

Australia

Prime Minister 'Vigorously' Defends Role in Gulf

BK1502065691 Melbourne Overseas Service in English 0500 GMT 15 Feb 91

[Text] The prime minister, Mr. Hawke, has rejected claims that the war in the Gulf initially was expected to last only a few days. He said it will end only when Iraqi forces have left Kuwait voluntarily or by force. Answering listeners' questions in a radio talk show, Mr. Hawke vigorously defended Australia's role in the war after one caller questioned the cost involved considering the current bad economic climate. He said Australia would not close its eyes to human rights violations and the obliteration of one country by another.

Labor Faces Economic, Leadership 'Crisis'

BK1502071891 Hong Kong AFP in English 0551 GMT 15 Feb 91

[By Jack Taylor]

[Text] Sydney, Feb 15 (AFP)—Australia's Labor government is in crisis—racked by leadership wrangles, recession and the dismal economic performance of Labor administrations in three of the country's six states.

Manufacturing industry is in decline, unemployment has reached its highest level since September 1983 and figures released last week dashed government hopes that it had at last controlled inflation.

Inflation had risen, partly because of increased oil prices, to an annual rate of 6.9 per cent from 6 per cent in the previous quarter.

The rise was a damaging blow to a government which had been able to portray declining inflation as the one bright light amid a tidal wave of bleak news.

Primary industries like wheat and wool are depressed, the car industry is paying off thousands of workers, small business is in turmoil and even long established restaurants are closing.

On March 12, Prime Minister Bob Hawke will unveil what many believe will be the government's last chance to save itself from oblivion at the election due in 1993—a strategy to rescue industry by refocussing on desperately needed exports.

Polls show support for Mr. Hawke has risen recently because of his handling of Australia's involvement in the Gulf war, but even that support depends on the outcome of the war.

Mr. Hawke's recovery is said to have removed, at least for the time being, threats of a leadership challenge by supporters of his deputy and Treasurer Paul Keating, although political commentators believe simmering tensions could be revived with any new crisis.

In the meantime, support for his government remains depressingly low and polls suggest an easy win for Labor's opponents if an election were held now.

Support for the government has also suffered from the poor performance of Labor in most of the states it controls and the success of its opponents in the only state it does not control.

The conservative Liberal-National Party coalition in New South Wales appears by most economic measures to be bolstering the state's economy against the national tide of recession.

Since coming to power in New South Wales in March, 1988, the coalition has slashed government services and expenditure more than any other state, axing many thousands of jobs in the process.

Yet in just released January statistics, unemployment in New South Wales stood at 7.4 per cent, lower than the national average of 8.4 per cent, and favourable by comparison with 9.3 per cent unemployment in the Labor states of South Australia, West Australia and Tasmania.

In Victoria, unemployment stood at 8.4 per cent and 9.1 per cent in Queensland.

Under Australia's federal system, each of the six states has a separate government with its own revenue raising powers and responsibility for areas such as law and order, education and public transport.

Labor governments in Victoria, West Australia and South Australia have set up or are setting up royal commissions to examine heavy losses incurred by banks they controlled or in which they had an interest.

The government of Victoria, in power since 1982, replaced its Premier John Cain last year to try to revive its flagging popularity.

However, a recent poll showed support for its new premier, Joan Kirner, had slumped to 27 per cent.

In West Australia, two Labor premiers have been replaced and the government of Carmen Lawrence is trying to repair the damage inflicted by a protracted row over government involvement with disgraced business personalities.

Until last week, South Australia's Premier John Bannon was often described as Labor's pin-up boy, untarnished by any hint of administrative inadequacy.

But last Sunday came the announcement that the state government would be forced to inject up to one billion Australian dollars (780 million U.S.) of public funds into the government-owned state bank group to rescue it from lending losses.

Now people are asking if even he will survive to fight the next election.

Fiji

Party Chief Remarks on Army's Wide-Ranging Powers

BK1502081191 Hong Kong AFP in English 0631 GMT 15 Feb 91

[Text] Suva, Feb 15 (AFP)—The Army's wide-ranging powers under Fiji's new Constitution were "a gift" from ceremonial Fijian chiefs to commander Sitiveni Rabuka to reward his efforts for indigenous Fijians, a nationalist leader said Friday.

Christian Democratic Party leader Sakeasi Butadroka, who has often urged the government to deport the large ethnic Indian community from Fiji, said sweeping powers for the Army were justified for the "purposes of protecting Fijian interests."

While agreeing that "that the Army has too much power," he pointed to section 94 of the Constitution, which accords the powers and "protects Fijian interests."

Mr. Butadroka was responding to a comment by Major General Rabuka on Tuesday that he believed his Army had enormous powers to intervene in restoring law and order in case of possible threats to stability.

The commander had said he wanted the Army to be subordinated to parliament and not override its authority, as stipulated in section 94.

"Rabuka was degrading the chiefs when he said what he said. They gave him the section and said, 'hold on to that because we trust you,'" Mr. Butadroka said.

Fiji's Great Council of Chiefs was the final authority here to stamp the new Constitution before it was promulgated by the government last July 25.

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Another 18.1 percent said that personnel exchanges and promotion of Japanese language education and other cultural aspects of Japan should lead the country's thrust toward international awareness, while 18 percent said acquiring the open-mindedness to accept those different from themselves should be actively promoted.

On Japan's role in the international community, 43.2 percent said Japan should contribute to the solution of global issues, 38.1 percent said it should contribute to the development of the world economy, 34.7 percent said it should work to maintain international peace and 30.7 percent said it should assist in the growth of developing countries.

As to promoting international peace and security, the majority suggested most efforts should be made through cooperation with the United Nations, while oly 20.4 percent said Japan should make its own efforts outside the U.N. framework.

The survey, taken in October last year, well after the Iraqi invasion of Kuwait in August but before the threat of war in the Persian Gulf was uppermost in most minds, covered 3,000 people aged 20 or older, of whom 73.5 percent responded.

The survey, taken as Japan continued to debate an appropriate response to the Gulf crisis, showed that 15.1 percent of respondents who felt Japan must contribute to international peace and security through the United Nations felt financial contributions alone were enough and 23.8 percent opposed the dispatch of Japanese personnel to areas of conflict.

But 45.5 percent supported dispatch of personnel in non-military capacities to areas of conflict and 8.8 percent said Japanese should be sent to cooperate in any U.N. activity without regard to military or nonmilitary considerations.

As to dealing with criticism that Japan is not shouldering its fair share in maintaining international peace and security, 27.1 percent rejected the criticism as unfounded, but 31 percent worried that Japanese personnel were not being sent to support Japanese financial contributions and 22.9 percent said that international criticism is valid and must be countered by sending more personnel and money overseas, even if domestic laws must be revised to accomplish that end.

On trade issues, the survey showed 40.4 percent of respondents felt Japan need not take special measures beyond those of other developed countries to lower tariffs and import restrictions on goods from developing countries, while 33.4 percent advocated special measures to assist those countries.

Keidanren Urges Purchases of Overseas Materials

OW2201172591 Tokyo JIJI in English 1443 GMT 22 Jan 91—FOR OFFICIAL USE ONLY

[Text] Tokyo, Jan. 22 (JIJI PRESS)—Japanese companies must make more efforts to purchase materials and parts from abroad, the Federation of Economic Organizations (Keidanren) said Tuesday commenting on its recent survey on procurement practices of Japanese firms.

The survey was conducted in November last year to find whether Japanese companies were following guidelines issued by the organization last April to promote nondiscriminatory procurement of materials and parts.

It covered a total of 941 Keidanren member companies, of which 477 or 51 pct submitted answers.

Keidanren said that 80 to 90 pct of them have implemented most of the 30 guidelines.

But only 32 pct have met a guideline calling for preparation of foreign-language pamphlets.

Keidanren said that 93 pct of the responding companies have taken some measures in response to the guidelines, including revising company rules, informing staff of the guidelines and revealing their purchasing policies to trading partners.

But only 20 to 30 pct have revised company rules to meet (?each) guideline, it said.

Keidanren is calling on member companies to make relevant changes in in-house rules to strictly abide by the guidelines.

Banks To Provide $50 Million Loan to CITIC

OW3001061491 Tokyo NIHON KEIZAI SHIMBUN in Japanese 28 Jan 91 Morning Edition p 3—FOR OFFICIAL USE ONLY

[By reporter Sakurai]

[Text] Hong Kong, 27 Jan—Seven Japanese banks, including the Bank of Tokyo, Fuji Bank, and Industrial Bank of Japan, have agreed to loan $50 million to the China International Trust and Investment Corporation (CITIC). An agreement on the loan commitment will be signed in Hong Kong on 28 January. This is the first time the CITIC has procured a capital fund since the Tiananmen incident in June 1989, even though it is an enterprise specializing in procuring foreign funds.

The Japanese banks constituting the creditor group are, in addition to the above-mentioned three syndicated banks, Mitsubishi Bank, Sanwa Bank, Sumitomo Bank, and Sumitomo Trust and Banking Company. Conditions for the loan are that it will be for a 5-year term, and the interest will be at 0.4 percent above London Interbank Offered Rate (LIBOR). This loan was requested by China after the Tiananmen incident.

The CITIC plans to use the fund to finance a petrochemical complex under the China National Petrochemical Corporation, the largest national enterprise of China. Since the CITIC has filled a financial requirement with a bank loan, strong speculations are that a samurai bond [yen-based bonds issued by non-Japanese firms] will be issued and that the issuance of China's first samurai bond will be handled by the Bank of China, which specializes in foreign exchange.

ROK Businesses Eager To Acquire Technology

OW3001120591 Tokyo THE JAPAN ECONOMIC JOURNAL in English 2 Feb 91 p 5—FOR OFFICIAL USE ONLY

[By Yo Nakajima]

[Text] No fewer than 63% of South Koreans responding to the joint survey by Nikkei and JOONG-ANG ECONOMIC DAILY cited technological advance as the most important issue facing them. Indeed, technology far outstripped even "stability in domestic politics," a distant second at 37%, and "rising labor costs," third at 35.6%.

But although South Korean businesses are eager to acquire technology, simple transfers from foreign countries may not work well, and can even erode a nation's industrial base. Long and patient effort is needed to improve Korean industrial mechanisms so as to reconcile the hopes of licensees with the expectations of licensers.

The thirst for technology may reflect the exhaustion of domestic know-how. South Korean industries have been accelerating their drive to catch up with Japan all through the economic boom that peaked during the 1988 Summer Olympics in Seoul. But the supply of new technology has proved insufficient, and Korean firms have leaned on Japan to supplement it.

No Korean executive surveyed saw technological equality between Japan and Korea in the automobile industry. Korean automakers were confident about their competitive powers, and even threw a scare into Japanese makers with the sudden success in 1986 in Canada of the Pony, a compact passenger car made by Hyundai Motor Co. Within a few years of entering the U.S. market, however, Korean automakers had to face a barrage of complaints about breakdowns and rust, thus exposing a clear quality gap with the Japanese industry.

Then there is a question whether Korea's industries can absorb technology transfers from Japan. Japan's industrial structure is characterized by major global manufacturers at the top and small firms at the base, with both working constantly to improve productivity and quality. That was the driving force that advanced manufacturing technologies and built up Japan's global competitiveness.

In South Korea, by contrast, a number of chaebol, or huge financial conglomerates, virtually monopolize a wide range of business fields, ranging from steel and chemicals to automobiles and electric machinery. Such a structure does not allow individual small businesses and subcontractors to develop and improve their technology. In other words, Korea lacks innovative companies such as Sony Corp., Honda Motor Corp. and Kyocera Corp. all of which started small and emphasized technology as they grew. Some Japanese respondents therefore called the fostering of small businesses in Korea an urgent need.

About 46% of the Korean executives wanted technologies related to information-processing software, the greatest perceived need. The next highest ranking item, at 44.4%, was in production control skills. Both technologies, being linguistically and culturally based, are not easily transferred.

In the fall of 1990, the Samsung group announced development of 16-megabit ultra-large scale integrated circuits. Since Japanese chipmakers refused to offer the technology, Samsung was forced to develop the product by itself, and came up with a chip that is competitive on world markets. In contrast, the Gold Star group relied on technology from Hitachi Ltd., and overall, it lags behind local rivals. "Easy infusion of technology spoils the potential for development and has a negative effect in the long run," said one veteran Korean industry observer.

Another difficulty is the existence of a perception gap in several areas between Japanese and Korean business circles. "Japan's exclusionary economic activities" topped the negative factor list of items that hinder bilateral business relations, cited by 66.7% of the Korean respondents. Their Japanese counterparts were the most concerned about "Korea's excessive zeal for technology transfers" (27.0%).

The perception gap can be seen also in their evaluations of each other's importance. Responses were radically different to the question, "What country should be a close, cooperative partner?" For the Korean respondents, Japan at 20% was second only to the U.S. in importance. For the Japanese, Korea was cited by only 0.7% of those surveyed, trailing the U.S., China, Europe, the Middle East and Southeast Asia.

Fujitsu Plans Communications Network in E. Europe

OW2601091291 Tokyo THE DAILY YOMIURI in English 24 Jan 91 p 8—FOR OFFICIAL USE ONLY

[Text] Fujitsu Ltd. plans to construct a telecommunications network linking Poland, Czechoslovakia and Hungary using fiber optic cables and wireless systems, the nation's largest computer maker said Wednesday.

In the first step of the planned Eastern European network, Fujitsu recently started consultations with Czechoslovakian authorities on a wireless telephone system to link Prague and the country's second largest city, Bratislava, Fujitsu officials said. A formal contract could be signed by the end of this month, depending on approval

60

from the government Export and Import Bank of Japan for an estimated Y2 billion loan, they said.

Following the Czechoslovakian project, Fujitsu will forge ahead with the telecommunications plans emcompassing the three countries in line with anticipated progress in the easing of Coordination Committee for Export to Communist Areas (COCOM) regulations, the officials said.

The projected Poland-Czechoslovakia-Hungary network, when realized, will be the largest economic project undertaken since the beginning of democratic reforms in Eastern Europe, according to Fujitsu.

Officials To Attend Geneva Farm Trade Talks

OW2901152791 Tokyo JIJI in English 1353 GMT 29 Jan 91—FOR OFFICIAL USE ONLY

[Text] Tokyo, Jan. 29 (JIJI PRESS)—Japan will send two senior officials to Geneva Wednesday for a meeting on farm trade of the Trade Negotiations Committee (TNC) of the Uruguay Round multilateral trade talks.

Minoru Endo, the Foreign Ministry's ambassador for international economic affairs; and Deputy Agriculture, Forestry and Fisheries Minister Jiro Shiwaku will leave here Wednesday night, government officials said Tuesday.

At the TNC meeting, Arthur Dunkel, director-general of the General Agreement on Tariffs and Trade (GATT), is expected to put forward his proposal in an effort to break the deadlock in agricultural trade talks.

Differences over export subsidies and other farm protection between the United States and the European Community (EC), among other things, were blamed for the failure to successfully conclude four years of Uruguay Round negotiations at a ministerial meeting in Brussels last December.

As Dunkel's proposal is belived certain to contain a minimum market access requirement, Japan, which has been refusing to open its rice market for food security reasons, is expected to find itself in a difficult position.

Panel To Review Foreign Holdings in NTT, KDD

OW3101144491 Tokyo JIJI in English 1319 GMT 31 Jan 91—FOR OFFICIAL USE ONLY

[Text] Tokyo, Jan. 31 (JIJI PRESS)—Posts and Telecommunications Minister Katsutsugu Sekiya Thursday asked an advisory panel to review restrictions on foreign holdings of shares in Nippon Telegraph and Telephone Corp. (NTT) and Kokusai Denshin Denwa Co. (KDD).

The telecommuncations council is likely to recommend the lifting of a ban on foreign ownership of the two giant telecommunications firms in light of strong requests from the Finance Ministry and the ruling Liberal Democratic Party (LDP).

Such recommendations would probably pave the way for foreign holdings of up to 20 percent of outstanding shares of NTT or KDD, the maximum foreign equity stake permitted for private broadcasting companies, informed sources said.

This could help NTT shares recover from their lows on the stock market, they said. NTT shares now trade at around 950,000 yen, down sharply from the peak of 3.12 million yen reached on the Tokyo Stock Exchange (TSE) in 1987.

The Finance Ministry had been urging the posts [words indistinct] the ban in a bid to facilitate sales of government-held NTT shares on the market. NTT also wants the ban lifted so that it can carry out equity financing activities overseas.

Under the law stipulating KDD's foundation, foreigners are totally banned from holding KDD shares. The NTT law has similar restrictions on foreign ownership for the former domestic telecommunications monopoly privatized in 1985. But new common carriers competing with NTT or KDD are allowed to give foreigners an equity stake of up to one-third.

Bank of Japan Signals Easing of Credit

OW1302094691 Tokyo THE JAPAN ECONOMIC JOURNAL in English 16 Feb 91 p 1—FOR OFFICIAL USE ONLY

[By Tomio Shida, staff writer]

[Text] Central bank-watching is a subtle art, and to aficionados the Bank of Japan's [BOJ] low-key easing of money market rates last week was like a neon sign announcing more relaxed times could be on the way.

The overnight unsecured call money rate, a money market benchmark and weather vane for central bank thinking, fell below 8% Feb. 4 for the first time since late October last year. The overnight rate continued falling Feb. 5, reaching 7.875

—down from 8.03125% Feb. 1 and a full 0.3 percentage points from the year's opening. Market watchers say the modest easing so far has been prompted by moves at the world's other two central banking goliaths.

On Jan. 31, the German Bundesbank raised its discount and Lombard rates 0.5 percentage points to 6.5% and 9.0% respectively. The next day, the U.S. Federal Reserve Board cut its discount rate a similar amount, to 6%, putting heavy selling pressure on the dollar.

In the week through Feb. 8, the greenback declined some Y3 to Y128.20. What's more, some observers say the decline may continue because of lingering expectations that the Fed will ease rates further to support a sluggish economy, says Kunihiko Sekido, manager of Long-Term Credit Bank [LTCB] of Japan's money market division.

BOJ dilemma

For Japan's ever-cautions central bankers, the fading dollar is creating considerable dismay. On one hand, the bank fears lowering interest rates amid tight labor, buoyant domestic demand and war-related uncertainty could trigger a debilitating bout of inflation. On the other hand, the three-month Euroyen interest rate is 1.5 percentage points above the comparable Eudodollar rate, and the central bank is under pressure to head off a rout of the U.S. currency by cutting money market rates, market sources said.

Despite that pressure, the BOJ appears at least for now to have stopped short of reversing course toward a wholesale credit easing. Instead, it seems willing to allow money market rates to decline somewhat now that its worst nightmares—a crude oil price surge and weakening yen—appear unlikely, said Bank of Tokyo Director Keikichi Honda.

Other observers, including Kazuo Nagano, manager of Fuji Bank's capital markets trading division, contend the BOJ and Fed moves are actually part of a plan worked out last month by the Group of Seven industrialized nations to cope with a Bundesbank rate hike. The view that central bankers are lowering interest rates was in any case the catalyst for last week's sharp rise in stock and bond prices worldwide, according to Nagano.

On the Tokyo market, the yield on the benchmark No. 119 10-year bond closed at 6.645%, down 11.5 basis points from the previous week's close. The Nikkei 225 stock average gained 1,139.38 points, or 4.9%, to close at 24,296.08.

Team player

As mixed as the BOJ's outlook is at present, Fuji Bank's Nagano says that with economic growth slowing globally, including in Japan and Germany, it could not alone insist on tight money. The increasing number of Japanese bankruptcies, especially among real estate firms, is also pressing stubborn central bankers to ease up.

That is not to say the BOJ plans to cut its official discount rate anytime soon. In fact, its sale of Y2.9 trillion in financing bills from Feb. 6 through 12 threw cold water on market hopes of lower interest rates.

Most likely, the BOJ will lay law while monitoring Tokyo's consumer price index and the spring labor union wage offensive. Whatever happens to the dollar, there is still high anxiety at the central bank over the domestic labor shortage and other inflationary pressures, observers say.

Still, those ever-sensitive BOJ watchers say that central bankers, while sticking to their tough-guy position, have at least begun considering the timing of a discount rate cut.

The central bank is sure to prevent a fast decline in money market rates, but even so the money market appears to have entered a downward trend, said LTCB's Sekido.

BOJ Governor on Economic Outlook, Money Policy

OW1601131891 Tokyo YOMIURI SHIMBUN in Japanese 12 Jan 91 Morning Edition p 7—FOR OFFICIAL USE ONLY

[By Koji Takada, Economics Desk editor]

[Text] Bank of Japan [BOJ] Governor Yasushi Mieno, in an exclusive interview with YOMIURI SHIMBUN on 11 January, expressed his views on the outlook of the economy and commodity prices, and on the direction of monetary policy in general.

In the interview, Governor Mieno said: "From a long-range view, it is best for the Japanese economy that bubbles are allowed to burst." He thus took the position of welcoming the decline in stock prices and the slowing down of land price hikes. He insisted that the bursting of bubbles will not lead to a situation in which the economy of Japan is shaken up.

Regarding Japan's immediate monetary policy, Mr. Mieno said that the BOJ will "watch the effects of interest rate hikes, which have just begun to produce positive results," but will "take appropriate actions if there are major changes due to the Gulf situation after 15 January." He thus hinted that the BOJ will adopt a flexible monetary policy, depending on the circumstances.

There is a public concern that interest rate hikes might have begun to adversely affect the Japanese economy, causing falls in stock prices and also in land prices of some areas, thus resulting in increased corporate bankruptcies. Refusing to accept such a view, Mieno stressed the danger of the bubble economy, and said: "We are bound to face a serious economic breakdown if we continue to live with the bubbles." He insisted: "It is necessary that the bubble economy be remedied, and there is no reason to be apprehensive about a 'March crisis,' which is being talked about in some quarters."

On the land price issue, Mr. Mieno took the stand of favoring a further fall in land prices and of opposing easing of credit restrictions on real estate businesses, saying: "We are still in a process of stabilizing land prices." He also took a position of supporting the proposed land tax, saying: "The tax may not greatly contribute to stabilizing land prices, but it is better than doing nothing. We can raise tax rates in the future as required."

The government, in the fiscal 1992 economy forecast, predicted the country's real economic growth to slow down to 3.8 percent in the year. Commenting on this economic forecast, Governor Mieno said: "The pace of five-percent growth a year thus far has been too fast. It is more desirable that the pace slows down to a level of cruising speed because that will serve to make the current bullish economy last longer." Mr. Mieno took note of the high average of the corporate service price index (CSPI), which the BOJ announced on 10 January for the first time, and said that the price trend "needs to be carefully watched." He noted that the future price trend "can change in various ways" depending on the developments in the Middle East situation. He repeatedly stressed that, when necessary, "the BOJ will overcome given situations with appropriate monetary policies." He indicated that the BOJ is willing to meet major economic contingencies from the Gulf crisis with prompt monetary actions.

Turning to the question of international cooperation in monetary policies, Mr. Mieno said that "there have been no complaints" heard from any foreign monetary authorities regarding Japan's high interest rates. But he added that "we would have to take a remedial action if this nation's monetary policy resulted in a rapid decline of the dollar." He thus expressed the intention of wanting to cooperate internationally on monetary policies, while carefully watching the moves in the exchange market.

Asked about the possibility for issuance of large denomination notes, such as 50,000 and 100,000 yen bills, Governor Mieno replied: "Citizens' needs for large denomination notes are not great. Therefore, I am currently not considering issuing them."

MITI To Ease Rules on Government Patents

OW0402001391 Tokyo THE JAPAN TIMES in English 3 Feb 91 p 2—FOR OFFICIAL USE ONLY

[Text] The Ministry of International Trade and Industry plans legislation to ease rules on using government-owned high-technology patents derived from international joint research and development projects, sources said Saturday.

The bill, to be submitted to the Diet, will affect foreign and domestic companies which participate with the government in international development projects. These firms will be allowed to use patents from the projects for free or for a small royalty.

The planned easing of patent rules is aimed at promoting international technological exchanges, especially in high-technology fields. The move comes in response to criticism from abroad that the nation has failed to offer its technological developments to other countries, the sources said. The ministry is likely to submit the bill to the current Diet session, probably in early March, the sources said.

Patent rights from joint government-private sector research and development projects traditionally belong to the Government alone. Firms have had to pay royalties even if they have taken part in the projects. This practice has long been criticized by European and U.S. companies, which in their home countries usually share patent rights with the public sector. They argue Japan is not willing to transfer technology to foreign countries.

It is believed this has discouraged foreign companies from participating in joint development projects with the Japanese Government.

Although the ministry is now considering a new bill, it may be possible to achieve the same ends by a partial revision of current laws, the sources said.

Current Account Surplus Decreasing 'Rapidly'

OW1102135991 Tokyo THE DAILY YOMIURI in English 10 Feb 91 p 1—FOR OFFICIAL USE ONLY

["Economic Forum" column by Koji Takada, YOMIURI SHIMBUN economic editor: "Current Account Surplus Plummeting"]

[Text] Japan's current account surplus has been decreasing so rapidly that it is expected to be only about 1 percent of Japan's gross national product [GNP] in fiscal 1990, which ends in March.

Finance Ministry statistics show that the surplus in 1990 was $35.79 billion, a decline of 37.4 percent from 1989, and estimates put the GNP at about $3.13 trillion (based on a conversion rate of Y139.30 to the dollar).

The current account surplus peaked in 1987 at $87 billion, accounting for 4.5 percent of the GNP. The surplus then fell for three consecutive years, plummeting 60 percent since its peak. The fall has been too fast.

The appreciation of the yen since the 1985 Plaza Accord creating a smaller trade surplus and the government's economic policy aimed at stimulating domestic demand, which started in 1987, are largely to blame for the sudden plunge.

An invisible category in trade, tourism, didn't help matters as the "tourism deficit," the difference between Japanese traveling abroad and foreigners visiting Japan, reached an all-time high of $21.3 billion in 1990. Forecasts for fiscal 1991 by private economic research institutes range widely from a surplus of $12 billion to $41.1 billion. But the way things are right now in Japan, the surplus doesn't figure to grow next year. For instance, the importation of manufactured products is being built into Japan's economic structure, and an increasing number of Japanese companies are producing goods in foreign countries.

According to economic outlooks released by the Organization for Economic Cooperation and Development last December, Japan's current account surplus in 1990, estimated by OECD at $38 billion, is expected to drop to $37 billion in 1991 and to 36 billion in 1992.

However, with a worsening economic situation in Japan and the government's promise of another $9 billion to the multinational forces fighting Iraq, the current account surplus will probably shrink in 1991 to about $27 billion, far less than 1 percent of the GNP.

Satellite Company Fails To Restore 'Superbird A'

OW2601084491 Tokyo ASAHI EVENING NEWS in English 24 Jan 91 p 3—FOR OFFICIAL USE ONLY

[Text] Space Communications Corp. [SCC], one of Japan's two private space communications concerns, said Wednesday it has given up repair work on its broken communications satellite Superbird A.

SCC, affiliated with the Mitsubishi business group, said the satellite will be defunct after being moved 120 kilometers from its current position in a stationary orbit.

Superbird A developed trouble with its position controlling system in mid-December and the company has suspended satellite communications services since Dec. 20. The company tried to restore the satellite with help from a U.S. satellite maker, but failed. Most of its users, estimated at several hundred thousand, have already switched to another satellite company, JCSAT.

Matsushita To Boost Investment in Semiconductors

OW0702083291 Tokyo THE JAPAN ECONOMIC JOURNAL in English 9 Feb 91 p 16—FOR OFFICIAL USE ONLY

[Text] Matsushita Electronics Corp., the semiconductor manufacturing unit of the industrial group led by Matsushita Electric Industrial Co., will invest about Y250 billion in the semiconductor field in the three-year period from fiscal 1991, a senior company official said. The figure represents a 27 percent increase over the Y197 billion spent in fiscal 1988-1990.

The move is part of the company's midterm management plan covering three years from April 1991 through March 1994 (fiscal 1991-1993). Even though the company is in the second-tier among semiconductor manufacturers, it hopes to raise sales to Y50 billion in fiscal 1993 and come close to top manufacturers such as NEC Corp. and Toshiba Corp., the official said.

In particular, the company will place emphasis on next-generation 16-megabit random acess memory (16M DRAM) chips, in order to recover from its late entry into the memory field: Matsushita Electronics lags behind its competitors in 4M DRAMs.

NEC, the world's largest semiconductor manufacturer, is investing Y105 billion in plant and equipment in the semiconductor field in fiscal 1990 through March 1991. Toshiba is spending Y125 billion and Hitachi Ltd. Y95 billion.

Matsushita Electronics' investments in the fiscal year have been kept at Y72 billion, little changed from the preceding period, but the company plans to boost the figure to match its top rivals, according to the senior official. Matsushita Electronics' semiconductor output in fiscal 1990 is exprected to total Y280 billion, ranking sixth in Japan and ninth in the world. The firm's total sales, including cathode ray tubes and lighting equipment, are estimated to reach Y558 billion. It plans to raise the figure to Y1 trillion in fiscal 1993, earning at least half of it from semiconductors.

The company has a plan under way to build a factory in Toyama Prefecture to manufacture 16M DRAMs. Construction is scheduled to start in the summer of this year, and it will invest about Y45 billion in the plant which will start operations in the spring of 1992. It also expects to start making DRAM chips at the Washington State factory it purchased from National Semiconductor Corp. of the U.S.

At the same time, the company plans to increase investment in chips for consumer products, such as microprocessors and charge-coupled devices, because nearly 50 percent of Matsushita Electronics' semiconductor output is shipped to other companies within the Matsushita group.

"We will keep investment high in memory chips because they are the driving force for technological development," the official said. "But we will also see that we will contribute to sound growth of the audiovisual operations, which are the core of the Matsushita group's management."

Toshiba Announces Advance in Chip Manufacturing

OW2401132791 Tokyo THE DAILY YOMIURI in English 23 Jan 91 p 8—FOR OFFICIAL USE ONLY

[Text] Toshiba Corp. announced Monday that it has made "pioneering" advances in the development of a mass production system for what is widely considered the next-generation computer memory chip.

Japanese chipmakers have hitherto been hampered by a difficulty expanding the storage capacity of the so-called electronically erasable programmable read only memory (EEPROM). They have been able to develop chips with data storage capacity of up to just 256 kilobits per chip.

Toshiba, however, announced that it has succeeded in reducing the size of a memory cell—a basic unit of large-scale integration—down to one-sixth that of the conventional one, thanks to its newly developed data-processing formula, which processes data in 8-bit units rather than the current 1-bit unit.

The new formula, which will make it possible for EEPROM to store greater volume of data at one time, is expected to pave the way for the replacement of floppy

64

disks—now used for personal computers and word processors—with alternative means of memory storage such as the magnetic disk, a top Toshiba official said.

Although Japan dominates in other areas of the semiconductor market, until now Japanese EEPROM chipmakers have held a smaller market share than foreign counterparts.

"With the development of our new products, we want to control the market for magnetic disk memory, now worth several trillion yen in all," the Toshiba executive said.

The electronics industry expects the EEPROM chips to replace the current DRAM (dynamic random access memory) chips, because the former can keep stored memory intact even when the electricity is cut and can erase data, allowing its repeated use.

The value of the EEPROM market is estimated at $300 million. Today, the chips are mainly used for integrated circuit memory cards and as components of controlling mechanisms for industrial robots.

Toshiba plans to begin producing the new mass-production formula by the end of this year.

Meanwhile major memory chip makers continue to compete fiercely to expand the storage capacity of DRAM chips. Yet the processing technology to etch minute electronic circuit onto a tiny silicon chip is believed to be limited up to 1 gigabits until early in the next century while no limit is known for the EEPROM chips.

NTT Names Toshiba to ATM Development Team

OW1302114591 Tokyo THE JAPAN ECONOMIC JOURNAL in English 16 Feb 91 p 15—FOR OFFICIAL USE ONLY

[Text] Nippon Telegraph and Telephone Corp. [NTT] has signalled a shift in procurement policy by naming Toshiba Corp. to its team to develop an asynchronous transmission mode (ATM) switchboard.

The ATM switchboard is to play a key role in NTT's next-generation broad band integrated digital communications network. Elated Toshiba officials say the decision will boost their planned expansion of communications equipment production.

Toshiba's inclusion in the project was unexpected, say analysts, partly because NTT has been deliberately increasing purchases from foreign suppliers since 1981, as a measure to help ease trade friction between Japan and other countries. Many thought Toshiba, as a relative newcomer to the communications equipment field, would be unable to beat European makers in its bid to participate in the project.

Some industry observers regard NTT's decision as recognition that Toshiba is becoming a leading manufacturer of communications equipment. The company put extra effort into preparing its bid to joint NTT's project earlier than other manufacturers, and went as far as releasing research papers to academic societies. It also set up an ATM system for in-house communications and a simulation system for use in the development of an efficient switch for the ATM switchboard. But others believe the decision was based more on the closeness of their ties to NTT than on technical merit. NTT declined to reveal the specific technical standards on which it based its selection, but industry sources said the company gave prime consideration to the perceived ease of working together in applying its technology to production.

Toshiba and NTT have maintained close ties for some time. In 1988, for example, Toshiba developed a large-capacity private branch exchange, or PBX, system in cooperation with NTT. The two firms also established a joint company for development of PBX software the same year.

Still others take the view that NTT picked Toshiba in order to show it is opening the door to firms outside the group once referred to as the NTT family. As switchboard suppliers to NTT, NEC Corp, Fujitsu Ltd., Hitachi Ltd. and Oki Electric Industry Co. once formed the so-called NTT family. Apart from Toshiba's inclusion in NTT's development team for the ATM switchboard, the line-up also includes NEC, Fujitsu, Hitachi, Oki and Northern Telecom Ltd. of Canada, which has gone into partnership with Oki.

European makers, meanwhile, have not been totally excluded from NTT's major projects, although Siemens AG of Germany, Alcatel NV of France and LM Ericsson of Sweden had also sought to joint the ATM switchboard development team. All three originally seemed to have good chances of success on the basis of their advanced technologies, but were eventually beaten by the Japanese companies and Northern Telecom. But Siemens, for example, will participate in development of an ATM transmission device. Ericsson was included in an earlier NTT team developing a digital automobile telephone.

While it is hard to say NTT's procurement policy has shifted in favor of Japanese companies outside of its family circle, some analysts speculate the cancellation of a tie-up between NTT and Data General Corp., a major U.S. computer maker, affected the selection of the team members.

In 1987, Data General joined hands with NTT to develop an integrated communications system for data transmission. The tie-up was canceled last December partly because the American company failed to develop the necessary software. The cancellation was seen by some analysts as NTT's ineptitude in judging the ability of overseas firms to develop new products.

Regardless of NTT's reasons for changing procurement policy, the question of international procurement for the company's next major project, a second-generation cordless phone, is certain to be the focus of strong attention.

NEC Reports Development of Laser LSI Circuit

OW1601015391 Tokyo NIHON KEIZAI SHIMBUN in Japanese 7 Jan 91 Morning Edition p 21—FOR OFFICIAL USE ONLY

[Text] NEC Corporation has succeeded in developing a "laser LSI (large-scale integrated circuit)," in which 1,600 semiconductor laser ciruits are integrated. The laser LSI is expected to exhibit its power in developing a super-parallel computer, a system made up of 10,000 processors (calculation systems) connected in parallel by beams. NEC aims to complete a model of the computer, and to develop commercially practical computers in the 1990s.

The laser LSI developed by NEC is a high-function optical chip, which not only emits light from its surface, but also has the function of receiving light and storing memory. This chip has been developed from a new technology called "VSTEP," which has been developed by the company on its own. The chip can accommodate a total of 1,600 semiconductor lasers in an area of 1 square centimeter—with 40 each in length and breadth. It makes the most of the light-absorbing characteristic of semiconductor lasers, a light emitting element. With chips placed facing each other, light will fly into space, thus becoming a means of communication.

In 1989, NEC developed a first, primitive VSTEP chip, using light-emitting diodes, but has since improved on it, increasing operating speed hundreds of times by replacing the light-emitting element with a semiconductor laser. The time of switching light on and off has been cut drastically to a few nanoseconds (one nano is one-billionth), while the power used in emitting light has been lowered to a level one-hundredth of what it was initially.

The VSTEP chip is most useful on the super-parallely-connected computers' plugboard, linking several huge processors. Computer makers in Japan and the United States have been competing to develop super-parallel computers, which will cost only one-tenth of existing super computers to make, but will exceed the supercomputers in speed of operation.

A major bottleneck to the development of these computers has been the plugboard to accommodate some 10,000 processors. Super-parallel computers require complicated wiring. When electrical wiring is used on the plugboard, there are risks of a delay in electric signals, and crosstalk, and thus processors making errors in operation. If connection is done optically by using the VSTEP chip, this problem can be resolved.

NEC plans to produce a trial model within three years to confirm the basic efficiency of super-parallel optic computers with processors linked by VSTEP chips. Once the efficiency is confirmed, the company develop commercial machines, completing commercialization by the middle of the 1990s.

Toyota Opts for Low, Stable Dividends

912A0129A Tokyo NIHON KEIZAI SHIMBUN in Japanese 12 Jan 91 p 14—FOR OFFICIAL USE ONLY

[Article by NIKKEI reporter, Shinichi Hayashi]

[Text] A "C" rating! In its itemization of investment policy standards, a major life insurance company, gave Toyota Motors stock, a C rating, the lowest of three possible rankings. This standard itemization lists the net-worth dividend ratio. Toyota, at 1.6 percent for the first six months of 1990, failed to achieve even the industry average. It says, "One must be prudent by making new investments to acquire annuities based on a dividend standard and setting aside any other business considerations."

Comparing the net-worth dividend ratio on a consolidated basis, in contrast to America's General Motors (GM) with 5.5 percent and Ford with 6.3 percent (both for the 12-month period of 1989), Toyota's is extremely low at 1.4 percent.

Every time he is criticized for not providing more return on profits, Toyota Motor Corp.'s president, Shoichiro Toyoda, loudly protests, "Toyota's annual dividend of 19 yen is highest among top-level firms."

After Tax Profits Up Five Percent

In the first six months of 1987, with the high yen, exports to the United States fell and Toyota inevitably experienced a 19 percent drop in recurring profits, but it kept its annual dividend at 18.5 yen. This is in contrast to America's GM, which, during the 10-year period including the 12 months of 1989, twice reduced dividends for reasons of sluggish business results. Toyota's president stresses that he values stability.

Statements from Toyota executives that they are paying no attention to complaints of their propensity for low and stingy dividends are remarkable: "Unlike the United States which changes dividend policy based on short-term results, we find stable dividends important," (Toyota Vice President Masami Iwasaki); "Japan's investors expect to profit more from rising stock prices than from dividend yield," (Toyota director, Hiroshi Okuda).

At the same time, Toyota is forecasting continued strong car sales. They estimate the number of new vehicles registered in 1991 (excluding mini-automobiles) will increase two percent over last year to 6.01 million vehicles. Production and sales plans call for a four percent increase domestically to 2.6 million vehicles and a six percent increase in exports to 1.78 million. Toyota is aiming to increase its domestic market share, as it has done the past three years, to 42.6 percent, which will be about a one point increase.

Toyota is planning 580 billion yen in capital spending in the first six months of 1991, an increase of 40 percent. There will be increased personnel costs attendant upon guarantees of seasonal work, not to mention increases in sales rebate costs. With these costs being absorbed by the increased income from luxury cars, after-tax profits may increase five percent to 308 billion yen. Based on the total shares of stock outstanding at the close of 1990, the profit breaks out to more than 112 yen per share. The annual dividend rate of 19 yen, now 16.8 percent, will be lower than the publicly pledged rate (18 percent). For that reason there is a strong likelihood that the annual dividend will be increased by one yen, with no inclination for increases beyond that.

Increased Capacity for Raising Capital Through the Markets

In the severe slump following the first oil shock (1973) which pushed Japan from its high growth rate to a low growth economy, the company that got back on its feet the most quickly was Toyota. By strengthening its domestic sales and with thoroughgoing rationalization, it revived its earning power. As its stock rose favorably in response, Toyota sold new stock at the market price, fattening up its net worth and liquidity. It would not be an exaggeration to say that this procurement of capital on the stock market gave Toyota the basic wherewithal to proceed with making the huge expenditures necessary for a North American factory.

Although it boasts a powerful debt structure that yields annual financial earnings in excess of 100 billion yen, is holding financial assets amounting to 2.8 trillion yen and has an annual recurring profit in excess of 700 billion yen, Toyota is making no attempt to return these profits to its shareholders.

Toyota, by converting its ample excess funds into weapons, is about to launch an offensive on the domestic and overseas markets. In mid-1990 it set a target for building an infrastructure to meet its annual goal of 6 million vehicles (3 million domestic and 3 million overseas). It is also about to take steps toward diversification into aircraft, marine leisure and financing.

Toyota Stock Lacking in Allure

Last year, Toyota changed its articles of incorporation and increased its authorized capitalization from 600 million shares to 1 billion. The move effectively took advantage of available equity financing (the procurement of capital through the issuance of new stock) and was an indication of Toyota's intention to aim for further growth.

We have heard some say, "It's astounding why the price of the stock for some truly superior firms is comparatively cheap like this" (Merrill Lynch Securities). It is probably not unrelated to the low value Toyota places on its dividend policy in a market where at least one institutional investor has given the stock a C rating. As it embarks into diversified operations with its stock lacking in allure as is now the case, won't it be hard for us to expect the same energy and aggressiveness which became the model for the financial dealings of rising Japanese companies following the oil shock?

JFY 1991 Public Works Budgets Proposed

912A0077A Tokyo SHUKAN DAIYAMONDO in Japanese 1 Dec 90 pp 20-21—FOR OFFICIAL USE ONLY

[Text] **Public Works Become Vested Interest**

Last 27 July, the government made a cabinet decision on the JFY 1991 budget's ceiling for estimated requests; but what has now suddenly emerged is a "framework for prioritizing items relating to living standards."

Leaving aside such exceptions as defense funds and official development assistance (ODA), ordinary expenses are down 10 percent compared to the previous year and investment funds show a growth rate of zero; but for investment funds related to improved quality of life, there is a special add-on within an overall framework of 200 billion yen.

In the Japan-U.S. Structural Impediments Initiative [SII] talks at the end of June, we were made to promise the expenditure of public investments amounting to 430 trillion yen over a 10-year period.

On the other hand, in the initial JFY 1990 budget, although we had achieved a breakthrough from dependence on issuing deficit government bonds for the first time in 15 years, total bond issuances by the end of the current fiscal year had reached 164 trillion yen. It is judged that 21.6 percent of general accounts outlays will be eaten up merely for government expenditures to cover interest payments on that.

To fulfill the earnest wishes for financial reconstruction it was necessary to apply brakes to the huge requests for public works.

Yet, over the past nine years allocation to ministries and agencies for public works have scarcely changed. It is on the order of 68 percent for the Construction Ministry, 22 percent for the Agriculture, Forestry and Fisheries Ministry, six percent for the Transportation Ministry, etc. Functional allocations also have held firm at 11-12 percent for housing, 13-14 percent for agriculture-based services and 17-18 percent for land conservation (soil erosion and flood control, etc.). The fact is that there have been backbiting complaints from other government agencies that "even I could work as a budget officer."

Within the "framework for prioritizing items relating to living standards" Finance Ministry bureaucrats were also involved because they maintained a stubborn hold on budget-making authority over public works, which had been made the object of political infighting.

At present, Japan's social capital setup is quite backward, when viewed internationally. The indication that the framework for standard of living related items ought to be an opportunity for a fresh look at public project budgets was on target; and, depending on how it is used, this even makes possible some novel projects.

Requests Total Almost Six Times Total

By the time the call for budget estimates was closed in late August, the request total from 16 government offices had swollen to 1.1581 trillion yen. That is close to 5.8 times the expected total.

The highest figure requested was from the Construction Ministry, with its huge share of public works funds. Focused on sewer systems, roads, housing, etc., it added up to all of 200 billion yen. The Transportation Ministry called for 196.1 billion yen centering on start-up adjustment funds for new trunk lines, preparatory funding for airports, etc.

Besides such public works as agriculture-based servicing projects, the Agriculture, Forestry and Fisheries Ministry had worked in as "living standard related items" such nonpublic works as measures for promoting urban-rural village interchanges, and had requested a total of 190 billion yen.

In addition to its trash-incinerators and water-supply maintenance, the Health and Welfare Ministry had made basic preparations for a "10-year strategy for promoting health and welfare for the elderly (gold plan)" its most important topic, and aimed to get 131 billion yen.

What was striking was the all-out participation even of agencies that heretofore had been far removed from public works. The Ministry of Education sought 122.2 billion yen for such things as national and public school facilities or social and sports facilities, while the Ministry of Posts and Telecommunications wanted funds for improving television reception or burying communication cables underground.

Spurred on by the Japan-U.S. SII talks, the Ministry of International Trade and Industry requested 149.2 billion yen for such things as measures to invigorate medium and small distribution businesses in line with the easing of restrictions in the Large-Scale Retail Store Law.

There were also unique "living standard related items." The national police agency requested funding for emergency communication systems and for police boxes in new housing developments. The Foreign Ministry, taking its cue from the Middle East Gulf crisis, contemplates augmenting overseas diplomatic posts with evacuation facilities for overseas Japanese in times of emergency.

Early in September, the Finance Ministry took these and began hearings with each of the government offices. It is checking such things as the substance and achievability of the project plans and at the same time is reconsidering their tie-in with past public project funds. It is repeating these hearings two or three times; and while the "framework for prioritizing living standard related items" is ambiguous, it seems that it will be after the second budget bureau consultations at the end of November that the outline will appear.

Warming up Toward Welfare, Cultural and Social Items?

However, nowhere has there been heard any of the crucial discussion on "what, after all, living standard related items are, and how they will enrich national life?" This will mean that everything can only be decided at the discretion of the budget officers; and such doubts and fears are giving rise to each government office's "opportunistic requests" and are spurring ompetition for the spoils.

The only guide is the basic public investment plan which was decided upon on 28 June of this year immediately after the final report on the Japan-U.S. SII talks. This plan states as follows: "Public investment will hereafter respond to the ever more diversifying and elevated national needs; and it will be necessary to go with a prioritized distribution.... Looking toward achieving an economic society in which one can have a solid sense of the richness of national life,...we will try to have the proportion of those public investments which bear on the living environment and cultural functions be increased in the 1991-2000 fiscal years to a goal of some 60 percent (around 50 percent in the 1981-90 fiscal years).

And, they made the completion-rate goals for the year 2000 a 70 percent overall diffusion rate for sewer systems (40 percent in JFY 1988), 10 square meters of public park area per urban resident (5.4 meters in JFY 1988), 100 square meters of floor space in housing per person (89.4 square meters in JFY 1988), etc.

Again, for public investment categorized as "living environment and cultural functioning," public investment is being included which has to do with such things as water supply and sewers, parks, trash incinerators, publicly funded housing, public facilities relating to housing and residential areas, residential streets, subways, community drainage systems in rural villages, green belts for rivers, harbors and bays, fishing ports, etc., service and welfare facilities, cultural and educational facilities.

So now, with such conceptual thinking as a base, the Finance Ministry is devising its own guidelines, such as that these are to be used daily by an unspecified large number of people or that the impact of the investment will be great and immediate; and it has started operations that will squeeze the framework for living standard related prioritized items amounting to 1.1581 trillion yen down 200 billion yen. It is foreseen that the targeted activities will not necessarily be public works projects alone, but will also factor in such investment funding as that for facilities construction. Those that have come to the fore as prime candidates are welfare services and cultural and social facilities. For example, among the facilities relating to the "gold plan" which the Health and Welfare Ministry wants there are such things as neighborhood mediation centers which cities, towns and villages would set up. As to items relating to culture and society, they are considering social education facilities such as public auditoriums, public gymnasiums and cultural halls.

Also, for the Ministry of International Trade and Industry's measures to activate medium and small distribution businesses, there are facilities that would be in daily use, such as commercially based facilities like community halls or outdoor plazas; and it is the judgment of the budget officers concerned that "we could consider these as related to improving living standards, could we not?"

Even so, the selection standards for what is related to improving living standards are not clear. There is no way to deal with it other than looking at the suggested individual projects and convincing oneself.

If that is the way it is done, we fear that, entering the stage of drawing up the Finance Ministry's draft plan, political pressure will still be interposed. Simply because of the lack of precise standards, we wonder just how much various pressures will revert back to this.

As of now, even as the Finance Ministry is seeking to give priority allocation to budgets for welfare and culturally related facilities and aiming to change the distribution ratio for public projects, they cannot but feel constrained by Finance Minister Hashimoto and Prime Minister Kaifu, who have their own ideas about the welfare and cultural budgets.

Audio-Visual Software Strategy Revealed

912A0119A Tokyo NIHON KEIZAI SHIMBUN in Japanese 9 Jan 91 Morning Edition p 8—FOR OFFICIAL USE ONLY

[Interview with Matsushita Electric vice president, Masahiko Hirada; interviewer unidentified; place and date not given]

[Text] A take-over bid (TOB) for a major U.S. company, MCA, by Matsushita Electric was completed at the end of last year, and AV (Audio-Visual) software production by Matsushita is moving ahead. This purchase, with a price of $6.13 billion (about 780 billion yen), is the largest in the history of Japanese companies buying foreign businesses. It is a demonstration of Matsushita's resolve to expand the AV business. We asked the vice president, Masahiko Hirada, in charge of financial affairs and AV software, who negotiated with MCA on behalf of Matsushita about how they will steer MCA's management in the future and the group's strategy.

[NIHON KEIZAI SHIMBUN] What does having audio-visual software mean to you?

[Hirada] "The main management thrust of Matsushita Electric is audio-video (AV). This has become the predominant area in the field of information communication. Our management stance is to lay a foundation for AV and move on from there. Even if we produce excellent hardware, we will be stymied and development won't proceed. We have been thinking that we have to have a connection with a world class established AV software company since we created the AV software department last May."

[NIHON KEIZAI SHIMBUN] Why did you choose MCA?

[Hirada] "First of all, it is because they are profitable. Since we are investing heavily, we must take into consideration the invested capital profit rate. MCA's average business profit rate in the past five years is 10.9 percent, and the dividend yield from 780 billion yen which was used for buying MCA will be about 6 percent annually. It almost equals the bank investment yield for Matsushita. Secondly, MCA's management is well balanced. They have a variety of business diversity such as movies, music, and theme parks. Looking at the movie part, not only do they have a movie production division, but they also have a film library which is among the leaders in the number of films."

[NIHON KEIZAI SHIMBUN] It is said that Matsushita had started to contact MCA last spring. Although it was brought to public notice in late September, it took two more months to get an agreement of purchase. What is the reason for the lengthy negotiations?

[Hirada] "At the time the negotiation was made public, our talk had not reached the subject of price. A negotiation tends to encounter some 'obstacles' and fail when it drags on over a long period of time, however, we were able to complete the negotiation in spite of the lengthy time period. That is because we thought there were some advantages for both sides. The chairman of MCA, Mr. Wasserman, who had been the guiding light of MCA for 44 years, took a careful look at the new era of movie production, and expected Matsushita's electronics technology to play a strong role."

[NIHON KEIZAI SHIMBUN] Are you worried that purchasing MCA could stimulate a negative feeling among Americans?

[Hirada] "Honestly, we have been considering U.S. public opinion since the start of the backroom negotiations. If it looked like the negotiations would ignite trade friction between Japan and the United States, we were generally agreed that we would cancel the purchase."

[NIHON KEIZAI SHIMBUN] There were many opinions that Matsushita was lacking in the know-how necessary for managing a movie company since Matsushita was a company which has been exclusively engaged in electronics production.

[Hirada] "We were well aware that we did not have the expertise to manage MCA, although we have recently been studying the movie business. So, we decided to let the existing management continue to manage the company. We are assuring them of 'independence of creativity.' Although Matsushita provides a backup for management, we will let MCA handle everything and be the creative spirit."

[NIHON KEIZAI SHIMBUN] Isn't it necessary to take a new look at Nihon Victor's role? How are you going to rebuild the AV software business in the entire Matsushita group?

[Hirada] "We will rearrange it with MCA. But we cannot restrain Nihon Victor's business so much, so we will consulting with Victor and allow them to be able to keep their independence. We will think about a framework for our group's AV software business including Teichiku (headquarters in Tokyo)."

[NIHON KEIZAI SHIMBUN] The U.S. Secretary of Interior Lujan has demanded that MCA donate or sell the commercial facilities in Yosemite National Park, owned by an MCA subsidiary, to the U.S. Government for a low price.

[Hirada] "We have not intended to keep the facility in Yosemite from the beginning, and have asked MCA to handle it with proper consideration for the American people's feelings. I believe that MCA understands our request very well and will work on it."

* Postal Savings Bank Plans Strategies for 1990's

912A0106A Tokyo KINYU ZAISEI JIJO in Japanese 12 Dec 90 pp 28-31—FOR OFFICIAL USE ONLY

[Postal Savings Bank plans to expand services in wake of interest liberalization]

[Text] Having passed through the age of fierce controversy referred to as the "one hundred years' war between the banks and the Postal Savings Bank," the Postal Savings Bank, the largest in the world with funds amounting to 130 trillion yen, is now endeavoring to make fundamental external changes as its strategy for the nineties. We will probe the future vision of the Ministry of Posts and Telecommunications, which is trying to find some breathing space in this time of agitation caused by diversification of services, and finance and interest liberalization.

Maturity Defense: 80 Percent Is Reabsorbed

Fixed savings from the age of high interest rates of 8 percent 10 years ago reached their period of maturity, one after another, from April to November of this year. This amounted to 34 trillion yen.

It was not only Postal Savings that was dumbfounded about this large amount of matured savings. The private financial world had entered the war with the idea that "it would be a perfect opportunity for banks with large time deposits such as liberated interest commodities to make a return by means of the "reverse shift from postal savings" (city bank). However, the result was that they gave up to the Postal Savings which put up a good fight.

The total amount "reabsorbed" by Postal Savings was 28 trillion yen. Of the 34 trillion yen in matured funds, there was an outflow of 6 trillion or 17 percent. However, at the Ministry of Posts and Telecommunications, Postal Savings Bureau Administrative Department Head Taguchi said with a smile: "The expectation at the outset was of an outflow of more than 30 to 40 percent, but the fact that it ended up being less than 20 percent was due to the power of the Ministry of Posts and Telecommunications staff."

In fact, the Postal Savings maturity funds countermeasures were meticulous. These countermeasures were initiated in 1987. They began with systemization and information gathering and embarking on a program of contacting those holding the maturing funds. A strategy was undertaken around summer of last year at each Postal Bureau to issue direct mail in large quantities to fixed savings customers asking for their "pledge" to renew.

Among the Ministry of Posts and Telecommunications staff of some 300,000 employees, the number that work in Postal Savings are 60,000. Of those, 9,000 are referred to as "outside workers" as they are visiting units. Last year, just before the date of maturity, these Postal Savings employees numbering 60,000 were mobilized in a movement to obtain continuation pledges. The special Postal Bureaus, considering themselves as having the role as a "fund pipeline" making up 70 percent of the Postal Saving balance (this applies to 18,200 offices of the total number of 24,000 offices) only had staffs of three or four people, but they stood on the frontlines of the maturity date countermeasures, thoroughly carrying out pledge activities. This "grassroots strategy" is probably what effectively protected the maturing funds.

Naturally, Postal Savings has a list of holders of matured funds, whereas the banks do not. Furthermore, the list is systematized.

The Tokyo Postal Bureau, in preparation for the imminent maturation of funds concentrated in March of this year, completed the "Postal Savings Customer Control System," in which even the Postal Savings Bank, said to be "10 years behind private banks" in information systems, was able to bring up on screen detailed transaction records for individuals and households as well as whether or not direct mail had been sent out. It also made printing up direct mail forwarding labels possible.

The Team Solely in Charge of Acquisition of Salary Deposits

The Postal Savings Bank has placed emphasis for the past several years on strategies to expand all types of settlement services and increasing ordinary savings. The balance of ordinary savings at the end of March 1990 was more than 9 trillion yen. The mammoth Postal Savings share of individual deposits and savings amount to 30 percent of the total balance, and its share of individual liquid deposits and savings recede to the 10 percent level. Compared to regular savings of banks, its present interest on regular savings is 1.4 percent higher at 3.48 percent, but that is due to the major influence of its handicap of having started various types of settlement function services five to 10 years behind private institutions.

The Ministry of Posts and Telecommunications calls the various settlement services "base products." It only began to seriously advance into the area of offering basic services on a major scale in the decade of the 1980's, beginning the service of "salary deposits" in 1980, "consolidated passbook" in 1981, "automatic payments" in 1983, and in 1984, it started the Postal Savings Bank version of the bank card (used as both a credit card and cash card).

Because it was a "late starter," it will not be an easy matter to catch up with the private financial institutions, which got a head start. Even so, it has secured a 12 percent share in account payment of electric bills, a 9.9 percent share of payments of NHK reception fees, and even a 6.3 percent share of the water bill payments. It is in the process of pursuing the lead of other banks by increasing its yearly account deposit contracts with 4.4 million annually last fiscal year.

Postal Savings does not conduct transactions with firms. It is, therefore, not difficult to imagine that such a weak point would be in evidence in its salary deposits record. Be that as it may, the number of salary deposits has been rapidly rising over the past year or two. Last fiscal year's annual newly acquired accounts numbered 7,000 firms, or over 320,000 individual cases, a pace of increase of roughly 20 percent compared to fiscal 1988. Moreover, the favorable expansion is continuing in 1990 with a "pace that presently appears to be rising at a rate of more than 40 percent over previous years."

The secret to such success is the activities of the "Postal Savings Service Center," a team specializing in capturing the business of firms. Last year, Postal Savings, which has not had much dealings with firms in the past, set up centers with teams specializing in public relations in 20 locations throughout the nation. These centers generally have only a small staff of five or six people. They are specifically involved in promoting such services as low tariff transfers, property accumulation and salary deposits for employees as well as the promotion of the use of the automatic payment system in order to persuade difficult or reluctant firms to become customers. It is said that the increase in salary deposits in fiscal 1989 was "largely due to the contributions of these centers." This fiscal year, the number of centers will be expanded to a total of 67 locations nationwide.

Planning Services in Advance of Liberalization

In a sense, Postal Savings has had a "strategy of trying to be like other banks" by adopting such common services as "fixed amount savings," and following the private banks by offering other services. However, in all aspects it has now begun to move toward a "strategy of becoming distinct from banks and offering a larger variety of services," in order to beat the competition in planning for the liberalization of services in the wake of interest liberalization. For the past two or three years, Postal Savings has been pouring its strength into augmenting sales of "goal oriented savings," which has been producing results. This involves such ideas as development of installment plan services in conjunction with all types of domestic and foreign travel companies, and "kerosene purchasing by installment" in Hokkaido, and other areas. Once functional services are in good order, the original interest of regular savings will probably have a new appeal.

Furthermore, at the beginning of next year there will be the enactment of international volunteer savings (regular savings in which part of the interest goes abroad as aid). Now in the budget negotiation stage with the result to be released by the end of February is "dream fixed savings" (a type of savings in which the interest is pooled into a lottery with 10 million yen as top prize). This is a revival of an old idea devised over 10 years ago. Serious efforts are being made in a budget request to materialize an idea of a free pension transport service for elderly people with physical disorders.

"Liberalization means the age of collective service competition. It is not just about interest, but what also matters is the kind of service you give. In other words, transactions are supported by the power of communication with a flexible 'heart' that appeals to people," says the "head of a nationally run bank" Savings Bureau chief, Matsuno.

Total of 307 Billion Yen in the Black

In the yearly listings of the income of firms that are made public, the state operated Postal Savings Bank does not appear. However, at peak times, Postal Savings produces profits at nearly 600 billion yen, which is on a par with the present ordinary profit of Japan's top company, Toyota Motors. In 1988, when it changed from real money accounting to accounting on an accrual basis, Postal Savings showed a loss on its account brought forward from the previous term in its special account. However, in fiscal 1989, it produced a surplus of 184.5 billion yen which almost absorbed the deficit from the previous year, and this year is budgeted to have a surplus of 307 billion yen. This year, on the point of fund absorption, pressed by maturing funds countermeasures, it is expected that there will be expansion of only one percent. This will make maintaining a balance compared to last year dangerous. On the other hand, conversely, it is also a fact that it will have a large-margin surplus budget, which at first glance seems strange.

This puzzle is easily solved, however. The cause is that the high burden of the 34 trillion yen in fixed savings at a more than 10 percent annual rate will be absorbed during the first half of this fiscal year. The recent rise in interest rates for funds that are redeposited is rather high, and there is a more than one to two percent gap between that of 10 years ago.

Even when procurement costs are high, a profit can be secured if costs match working interest. However, upon scrutiny of the shifts in the profit and loss account of the special account of the Postal Savings Bank, during the first part of the eighties, it had a yearly deficit due to the drop in interest rates and accumulated a deficit. Later, in the middle of the 1980's when Postal Savings showed large-margin surpluses nearing 600 million yen, it simply absorbed that deficit. This is partially due to the fact that the Finance Ministry's Trust Fund Bureau deposit rate, which is based on long-term government security coupon rates and looks askance at deferment of the official rate, has, since that time, been in market sync with long-term interest. At the same time, since fiscal 1987, measures were resorted to which would do away with the legal lower limit of deposit interest rates.

However, looking back into the past, "There are deficits and there are surpluses, but in the long run we are able to make ends meet" (top official at the Ministry of Posts and Telecommunications).

Focusing Attention on the Condition of Deposits

We will now take a look at changes in the Postal Saving's yield costs. Yield is the average interest rate determined by previous deposits. Costs are composed of expenses arising from average procurement rates and office and personnel expenses. It is interesting to note that the rate of expenses has declined almost consistently over the past 10 years. Expenses in 1989 reached a low level at 0.50 percent. We cannot make a simple comparison of expenses with private banks since they have diversified into the financing business with trade securities and fund securities. However, compared to the city bank expense rate of 0.7 to 0.8 percent, or the local bank rate of over one percent, one can say with certainty that Postal Saving's expense rate is low, and it appears to be efficient.

"The popular notion among the public is that government enterprises are inefficient. But we have started showing our 'efficient administration' with our policy of restraining personnel increases, and examining the merit of expenses when compared to a 130 trillion yen fund. However, since our balance will not rise in our fiscal 1990 budget due to maturing funds, the expense rate will rise somewhat," says Savings Bureau Paymaster Tokio, putting special emphasis on the merit of expenses.

A certain top official at the Ministry of Finance thinks the deposit rate should be changed. "The present deposit rate is too high and favors Postal Savings. We should also take another look at setting the rate on a par with such things as the 4 trillion yen postal insurance and the 70 trillion yen welfare annuities."

For its part, the Ministry of Posts and Telecommunications is flatly opposed to such a notion. "With the widely rising costs of procurement due to progress in liberalization of interest, lowering the rate is the last thing we should do. If anything, raising rates would be the logical thing."

Presently, the Ministry of Posts and Telecommunications is strongly requesting the actualization of mid- and short-term deposits. The present deposit periods are all long-term plans extending for more than seven years, so with the increase of MMC's, there is a mismatch with the increase of procurements within three years. The liberalization of the terms of government bonds is also having an impact on deposit interest. There is little doubt that under the surface there is a fierce offensive and defensive battle going on between the Ministry of Posts and Telecommunications and the Finance Ministry, which are trying to keep deposit costs low by being conservative.

Convenience: Postal Savings

The movements by Postal Savings toward autonomy and improvement of the deposit system will not stop as long as the flow of interest liberalization is unavoidable. At one point in the 1980's when criticism by private financial institutions that Postal Savings were too mammoth were on the rise, the Finance Ministry examined a plan of "issuing treasury investment credits" corresponding to treasury loans and investments, instead of collecting funds from Postal Savings.

However, in theory, coupons would be higher than government bonds, and it would not be efficient to issue treasury investment credits that are higher than the rate procured by deposits. Moreover, there is some uncertainty with respect to assimilation. In the end, the Finance Ministry chose treasury investment credits by Postal Savings.

Be that as it may, despite the Finance Ministry's attempt to restrain Postal Savings with treasury investment credits, the Ministry of Posts and Telecommunications will undoubtedly seek to increase its autonomy further in future. "The value in finance is in lending money. Specialization in being in charge of collecting money is quite stressful," a top official at the Ministry of Posts and Telecommunications disclosed.

Supposing that at some time in the future the Postal Savings Bank were to increase its autonomous working limit to 30 or 40 trillion yen. In such a case, Postal Savings, which is state-run, would probably concentrate itself on stable money markets and bonds and debentures. If that happened, a source from the Bank of Japan points out that "there is a possibility that Postal Savings would be too huge an investor and would rule the bond market." For the Bank of Japan, the existence of such a mammoth investor would cause confusion from the point of regulation of financial markets.

The Ministry of Posts and Telecommunications is examining plans to heighten utilization of postal buildings by moving into buildings of other government offices and related organizations. The aim is "to be of social use in the expansion of welfare facilities." Also in the budget for next fiscal year, it has revealed a plan to break into the tenant business aimed at private firms.

Additionally, the Postal Bureau has agreed with the Ministry of Home Affairs to have a window for requesting residence cards as well as a plan to have the Savings Bureaus issue traveler's checks and conduct foreign currency exchange, etc. This is all part of the Ministry of Posts and Telecommunication's strategy to build "a post office with convenient services."

In the midst of liberalization in both finance and interest, this is the position of the giant Postal Savings Bank, which is trying to take on a social role in this new age. It is also attempting to distance itself from private financial institutions' arguments for "placing it under private management" and "complementary government enterprise."

Mongolia

Number of Soviet Specialists Decreasing

OW1402141891 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 0941 GMT 14 Feb 91—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, February 13 (OANA-MONTSAME)—The number of Soviet specialists working in Mongolia is decreasing. More than 6,000 of them left the country last year and only 3,000 from 25,000 now present will stay till the end of this year. The main reason for such reduction is inability of the Mongolian side to pay salaries in hard currency after it was agreed by the two sides several Soviet plants and construction organisations will be given to the Mongolian side. Only 1,000 people will be needed to work according to the inter-governmental agreement, which will lead to dismissal of many Soviet workers as well as Mongols. Misunderstanding of the real reason of this situation gives a rise to dissatisfaction and conflicts, A.I. Kuzin, the deputy head of the USSR trade delegation said. We understand well that there will be unemployment, but it doesn't mean that all responsibilities should be rested on the Soviet side, he noted.

Italian Ambassador on 'Intensifying' Cooperation

OW1402142091 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 0938 GMT 14 Feb 91--FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, February 13 (OANA-MONTSAME)—From the very first days of the establishment of diplomatic relations between the two countries in 1964, Italy and Mongolia have been maintaining active and normal relations, Ferdinando Salleo, Italian ambassador to the MPR [Mongolian People's Republic], said to a MONTSAME correspondent.

We believe that Mongolia can be a reliable partner. That's why its quite clear why our government and organisations are interested in receiving the Mongolian people and providing them with an opportunity to acquaint with equipments and technology of manufacturing industry of Italy.

At present we are studying the question of granting credits to Mongolia. Italian businessmen are looking for partners in your country. We suggest to cooperate in the field of processing cashmere. Recently, there was an exchange of opinion with the Mongolian side on cooperation in the field of processing wool, producing building materials and grinding marble, the ambassador pointed out.

The Italian ambassador expressed in favour of continuing and intensifying the cooperation between two countries in political and cultural spheres and developing Mongol studies in Italy.

Countries To Help Modernize Laboratories

OW1302125191 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 1131 GMT 13 Feb 91—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, February 12 (OANA-MONTSAME)—At the decision of the MPR [Mongolian People's Republic] Government, polytechnical, medical and agricultural institutes were reorganized into universities. According to the government statement, these universities should become educational and scientific centres in order to improve the quality of professional training of specialists.

By renewing the educational structure and system we should first of all raise the level of fundamental knowledge of doctors-to-be. Medical colleges would be set up at the university. This means that students will get stage-by-stage knowledge. The professional skill of a university graduate will be valued only by the level of knowledge received during his studies, said Professor D. Dungerdorj, rector of the medical university, to a MONTSAME correspondent. Ten more new laboratories will be set up here in the nearest future. Japan, USA and Germany are going to provide these laboratories with modern equipment.

73

MONTSAME Reviews 14 Feb Press

OW1502060791 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 0926 GMT 15 Feb 91—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, February 13. (OANA-MONTSAME).—The newspaper "ARDYN ERH" informs that M.S. Gorbachev, the Soviet President, recieved D. Byambasuren, the MPR [Mongolian People's Republic] prime minister in the Kremlin. M.S. Gorbachev and B. Byambasuren exchanged their opinions on renovation processes taking place in both countries and on urgent problems of Soviet-Mongolian cooperation. They stressed the importance of strengthening the traditional ties between two countries and perfecting principles and forms of cooperation. M.S. Gorbachev congratulated the Mongolian people on the occasion of the New Year to the lunar calendar.

The paper informs that R. Gonchigdorj, the MPR vice president and the chairman of the State Little Hural has been received by A.E. Lukyanov, the chairman of the USSR Supreme Soviet, and also by G.E. Yanayev, the USSR vice president. There was an exchange of views on the questions of interparliamentary ties and strengthening of Mongol-Soviet cooperation in accordance with restructuring ideas on the bases of equality and mutual respect. The newspaper carries an interview of R. Gonchigdorj with the "ARDYN ERH" correspondent.

The paper also published an interview of its correspondent with D. Ganbold, the first vice prime minister, who was the head of the Mongolian delegation to the world economic meeting in Switzerland.

The MPRP [Mongolian People's Revolutionary Party] newspaper "UNEN" informs that the MPRP CC [Central Committee] Presidium decided to celebrate the party's day on the 24th of February this year in the framework of the measures to mark the 70th anniversary of the Mongolian People's Revolutionary Party.

The newspaper continues to cover the all-party discussion of urgent problems concerning renewing the party on the eve of the 20th party congress. B. Dash-Yondon, the chairman of the MPRP City Committee of Ulaanbaatar and the MPRP CC Presidium member, speaks about the new tasks of party organisations in new conditions. He stresses that the MPRP has the full right to celebrate its 70th anniversary.

The paper published an interview with R. Byamba, the deputy health minister. He stressed that the achievements gained in the public health system should not be denied and the health service would remain free.

The paper also publishes an article devoted to the 120th anniversary of D. Ishdulam, the famous Mongolian singer and musician. The paper notes that she had done a lot in the development of the national art and training the specialists in this field.

The trade union newspaper "HUDULMUR" published the declaration of the recently found "Kara-Korum" Movement for the revivwal of the Mongolian nation.

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